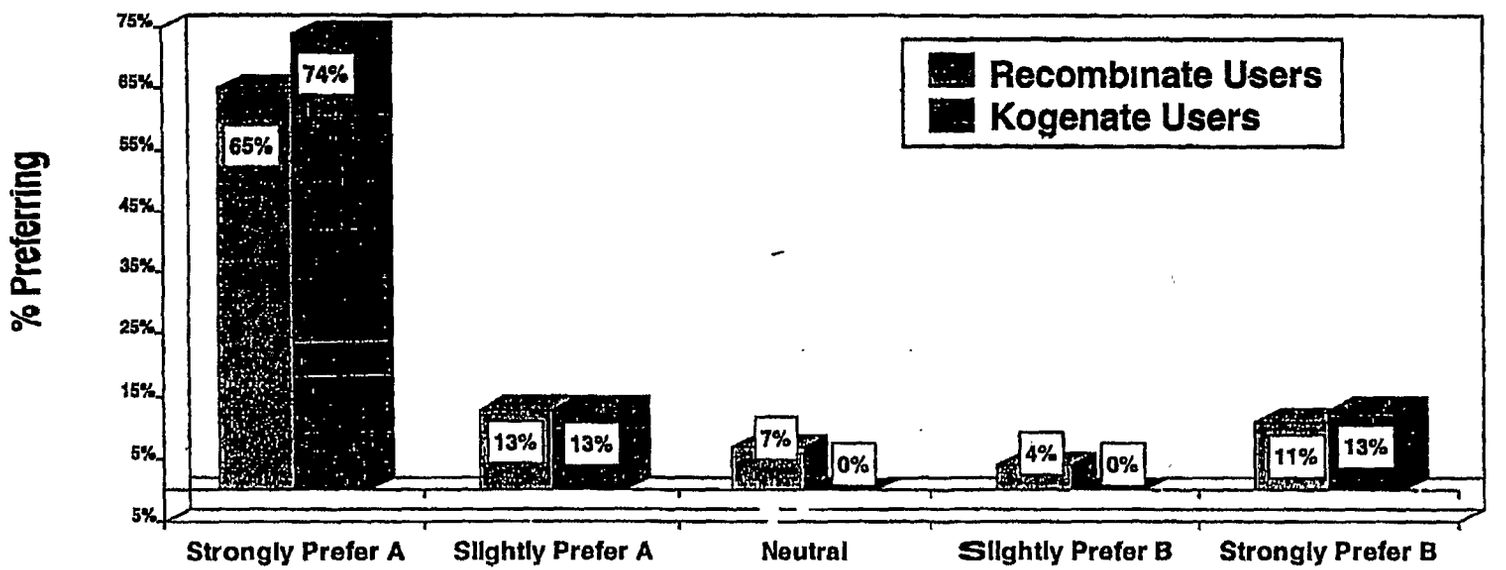
Patients also demonstrate a strong preference for a current product from an existing manufacturer over a reformulated product from a new manufacturer.

U.S. Final

Product Trade-off
- Current vs. Reformulated -
- Existing vs. New Manufacturer -
Price is equal

CURRENT ESTABLISHED MFG. **REFORMULATED NEW MANUFACTURER**



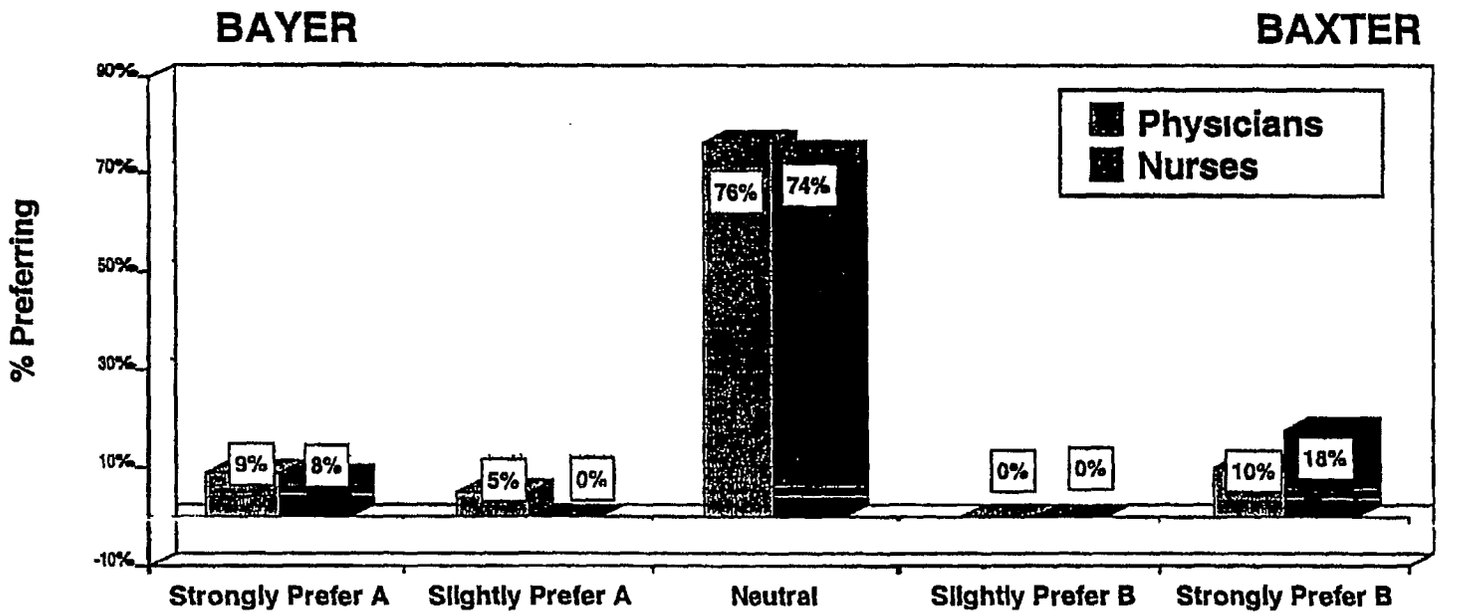
Product A	A current recombinant Factor VIII concentrate that has been on the market for six years
Product B	A reformulated recombinant Factor VIII concentrate that has been on the market for six months
Comments	Product A is manufactured by the company that is established as a manufacturer of recombinant Factor VIII concentrates. Product B is manufactured by company with no experience with Factor VIII concentrates. Both cost the same

MARKET

Typically, physicians and nurses are neutral in their preference for a reformulated product from Bayer or Baxter.

U.S. Final

Patient Product Trade-off
- Reformulated Bayer vs. Reformulated Baxter -
Price is equal



Product A: A reformulated recombinant concentrate sold by Bayer

Product B A reformulated recombinant concentrate sold by Baxter

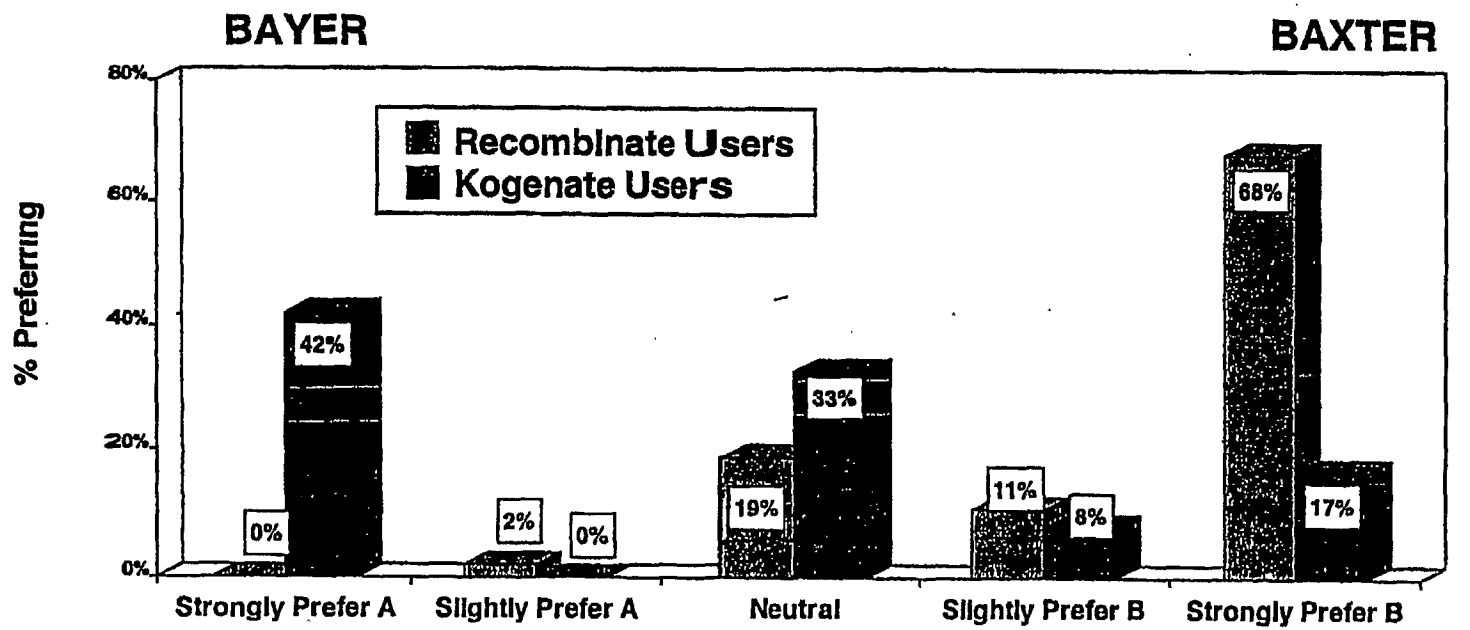
Comments Price is equal

MARTEC

Recombinate users demonstrate much stronger brand loyalty than do Kogenate users.

U.S. Final

Patient Product Trade-off
- Reformulated Bayer vs. Reformulated Baxter -
Price is equal



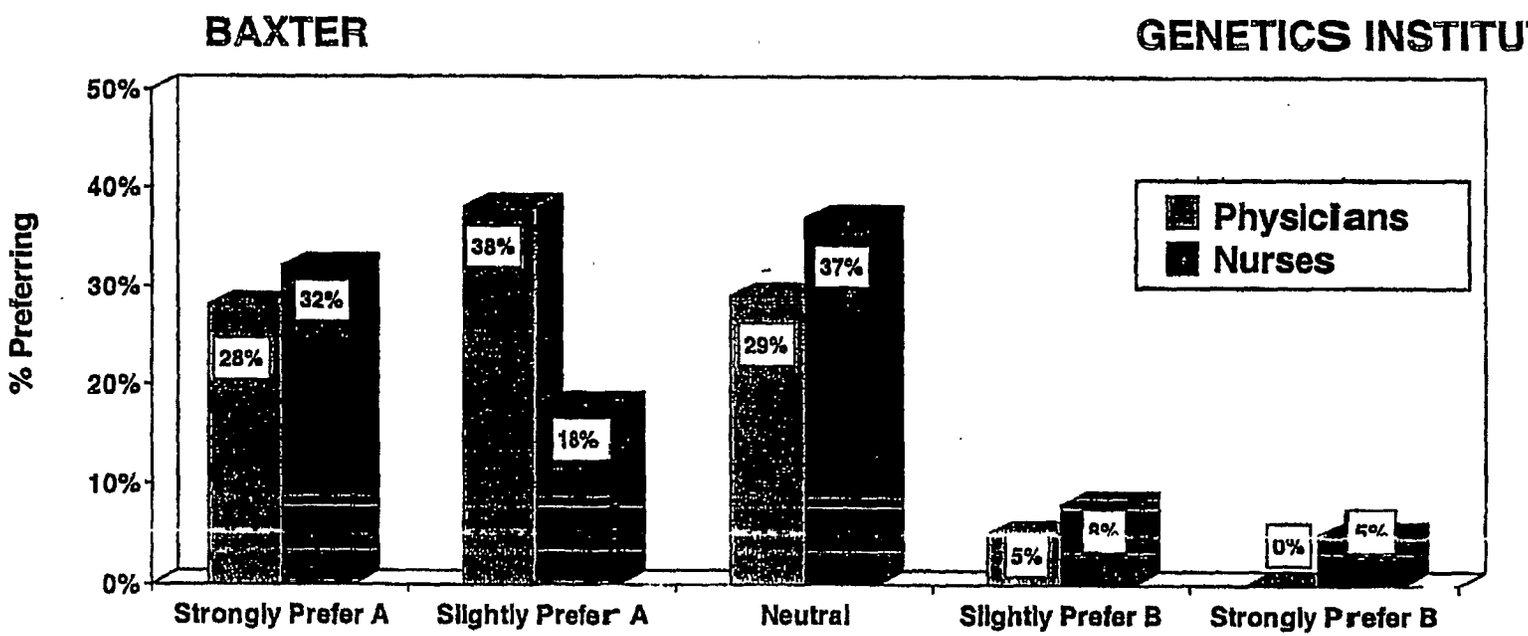
Product A	A reformulated recombinant concentrate sold by Bayer
Product B	A reformulated recombinant concentrate sold by Baxter
Comments	Price is equal

MARKET

Over 60% of physicians and 50% of nurses express a preference for a reformulated product from Baxter over one from a new player to this market like Genetics Institute.

U.S. Final

Product Trade-off
- Reformulated Baxter vs. Reformulated from New -
Price is equal



Product A: A reformulated recombinant concentrate sold by Baxter

Product B A reformulated recombinant concentrate sold by a new player to this market, such as Genetics Institute

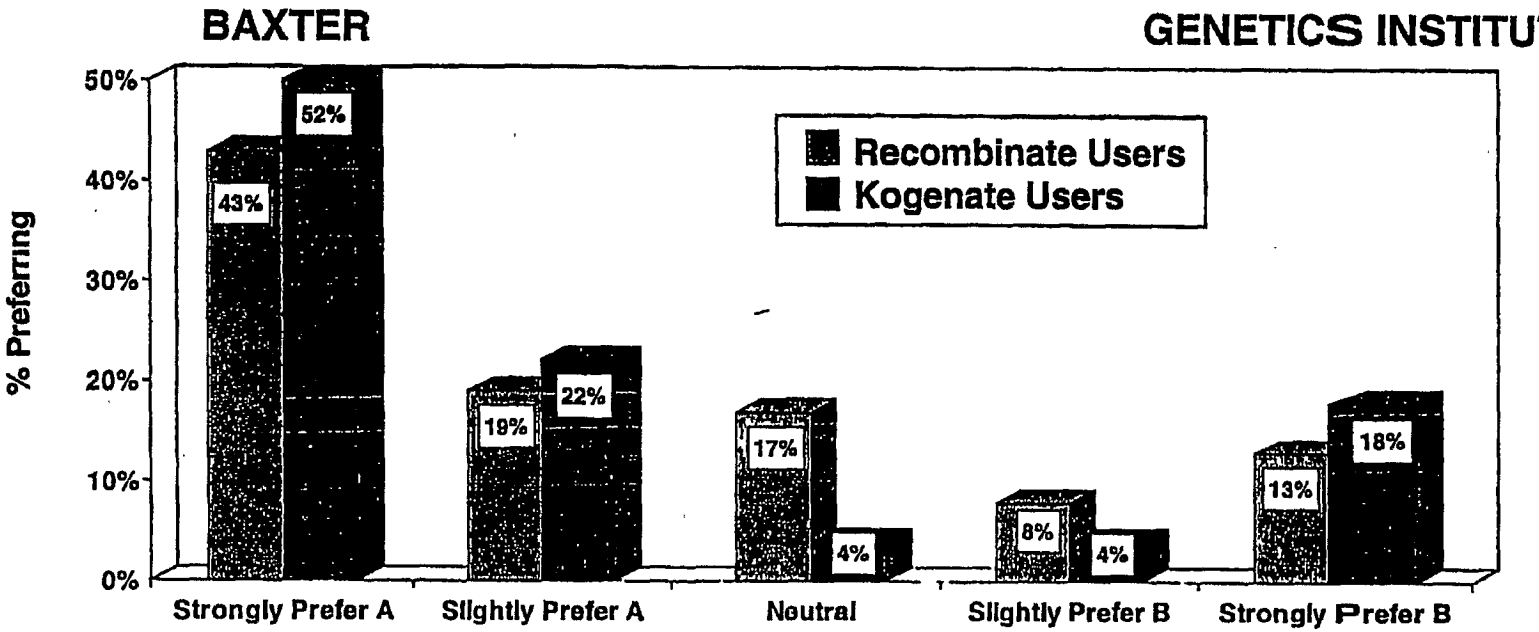
Comments: Price is equal

MARTEC

Over 60% of Recombinate users and 74% of Kogenate users express a preference for a reformulated product from Baxter over one from a new player to this market like Genetics Institute.

U.S. Final

Product Trade-off
- Reformulated Baxter vs. Reformulated from New -
Price is equal



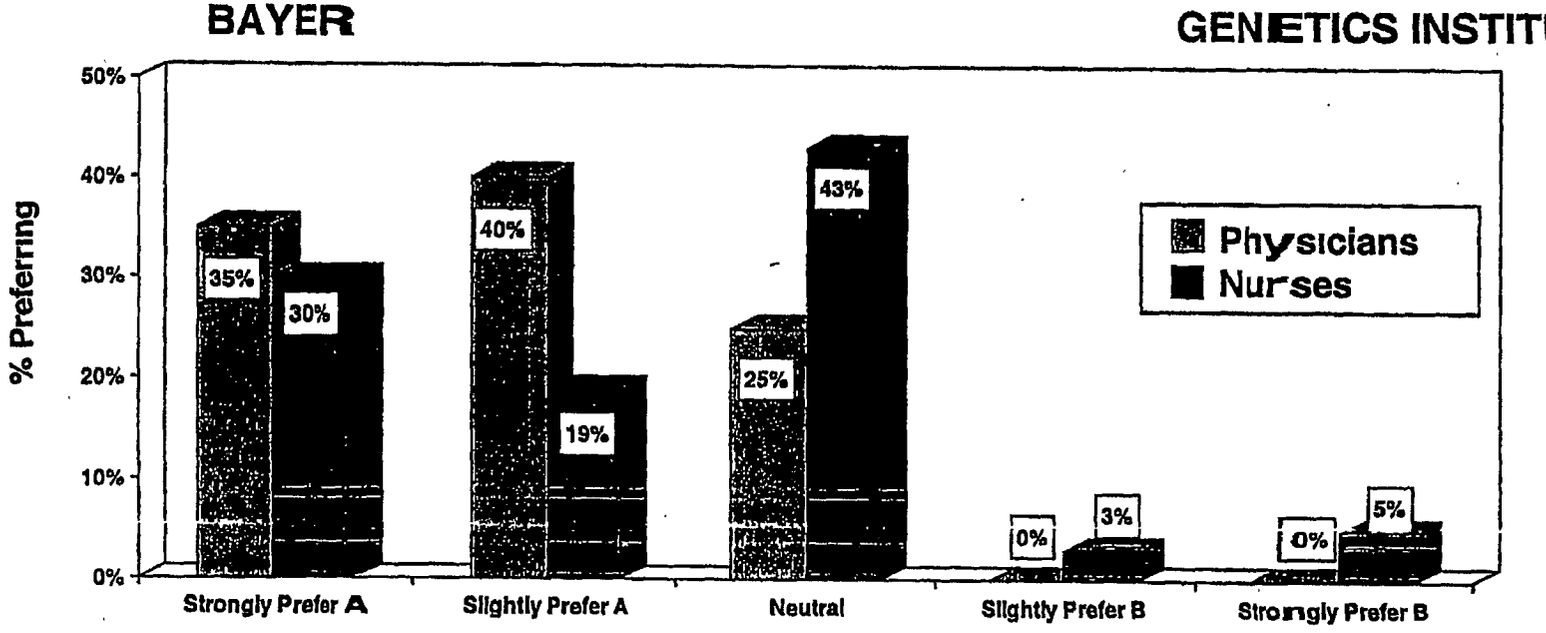
Product A	A reformulated recombinant concentrate sold by Baxter
Product B	A reformulated recombinant concentrate sold by a new player to this market, such as Genetics Institute
Comments	Price is equal

MARKE

As is the case with Baxter, most professional respondents express a preference for a reformulated product from Bayer over one from a new player to this market like Genetics Institute.

U.S. Final

Product Trade-off
- Reformulated from Bayer vs. Reformulated from New -
Price is equal



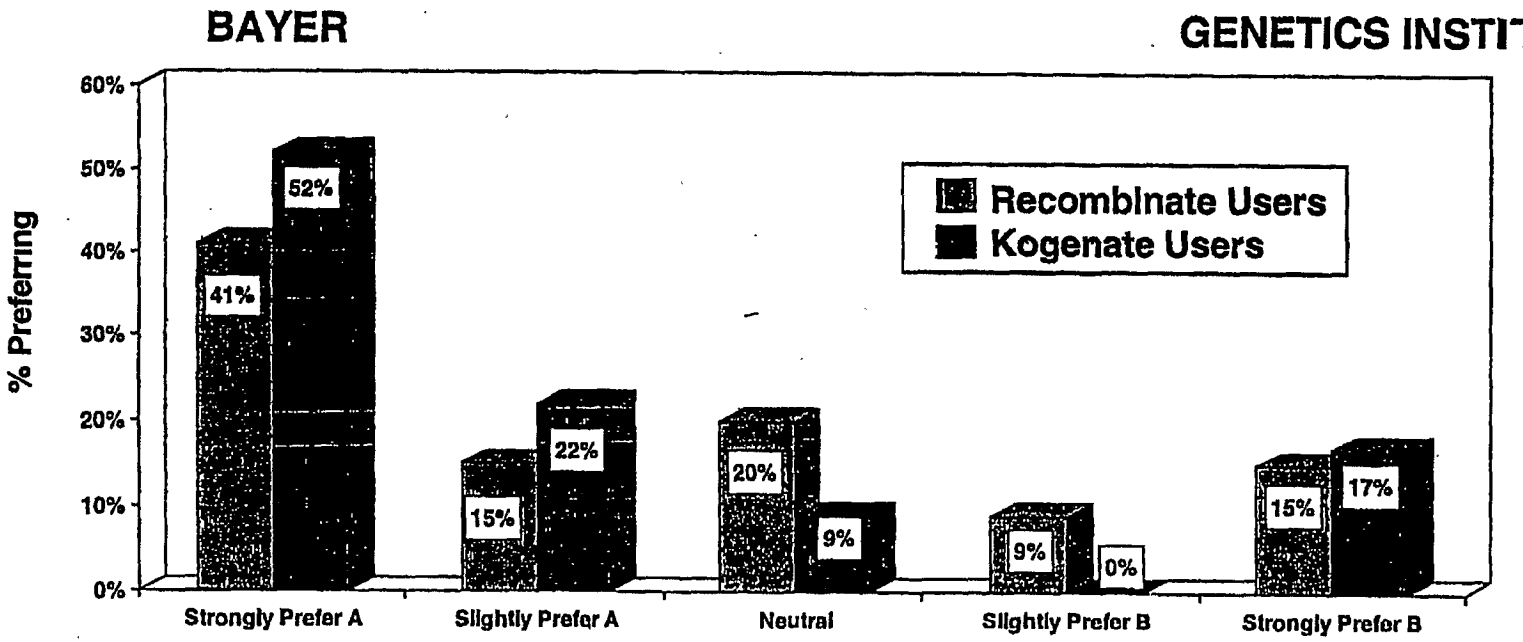
Product A	A reformulated recombinant concentrate sold by Bayer
Product B	A reformulated recombinant concentrate sold by a new player to this market, such as Genetics Institute
Comments:	Price is equal

MARTEC

As is the case with Baxter, most patients express a preference for a reformulated product from Bayer over one from a new player to this market like Genetics Institute.

U.S. Final

Product Trade-off
- Reformulated from Bayer vs. Reformulated from New -
Price is equal



Product A: A reformulated recombinant concentrate sold by Bayer

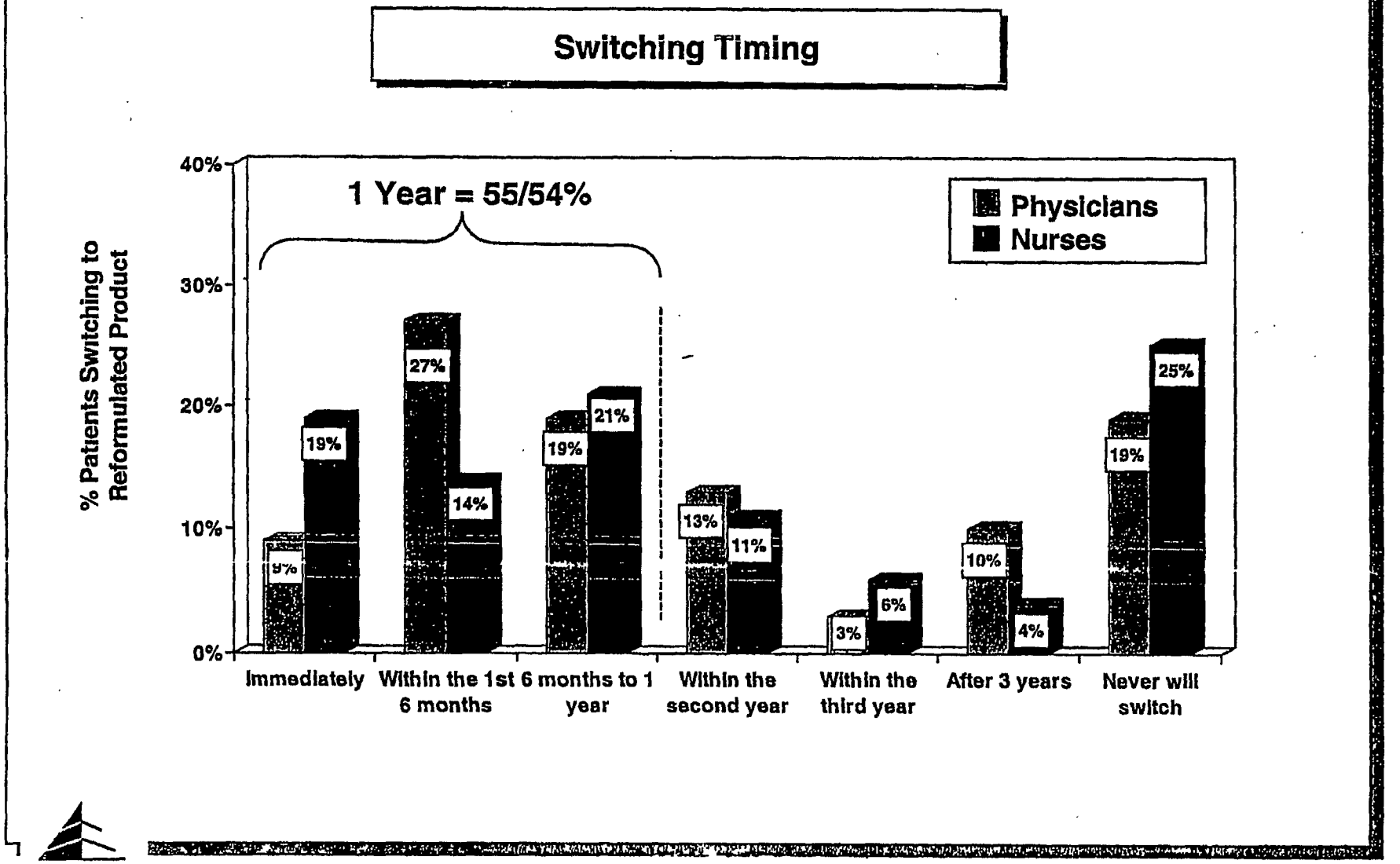
Product B A reformulated recombinant concentrate sold by a new player to this market, such as Genetics Institute

Comments Price is equal

MARIT(

Physicians and nurses believe that over half of their patients will switch to a reformulated product within the first year of its market introduction.

U.S. Final

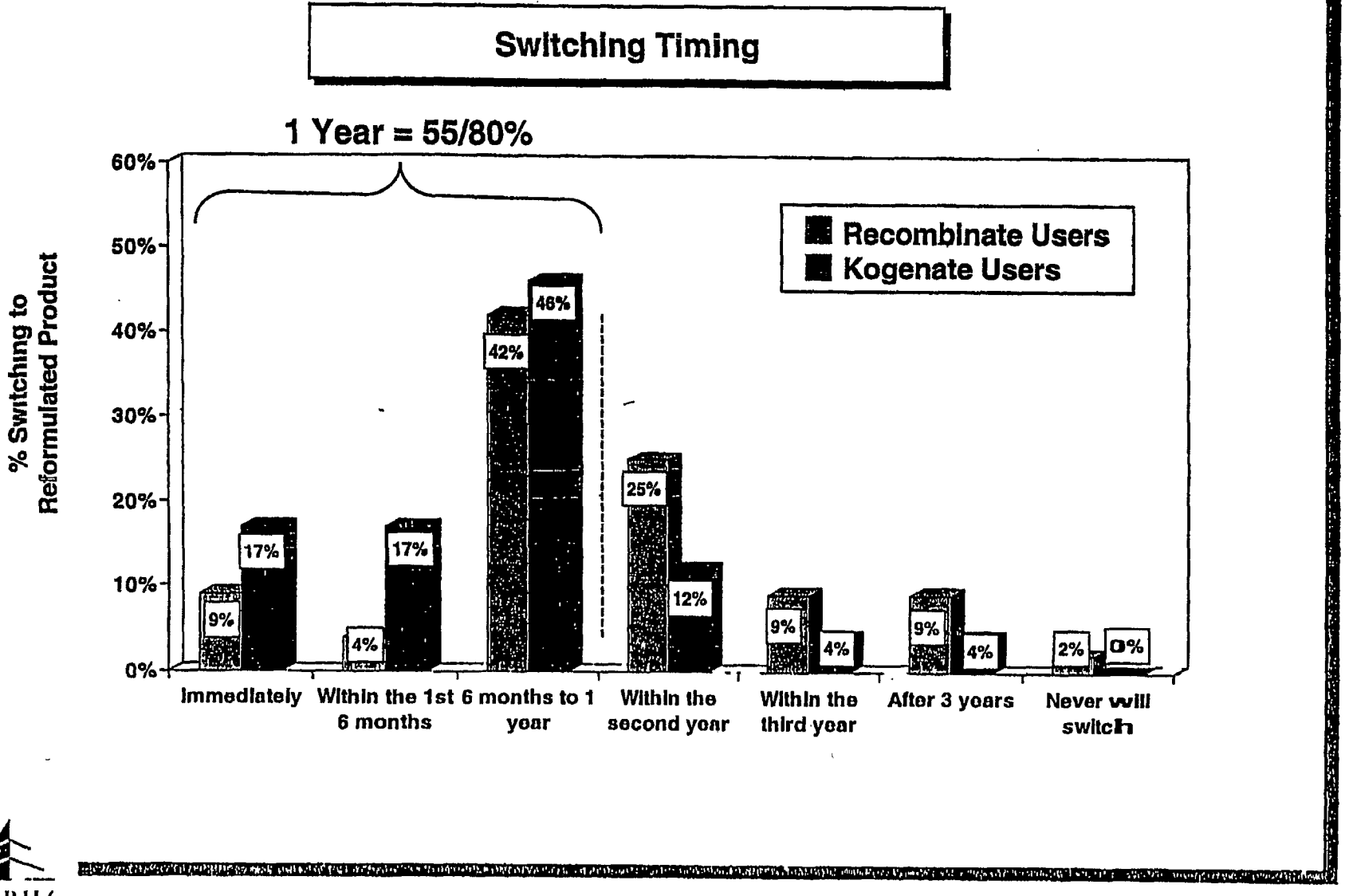


MARTEC

GH000878

Kogenate users are more likely to switch to a new product within one year.

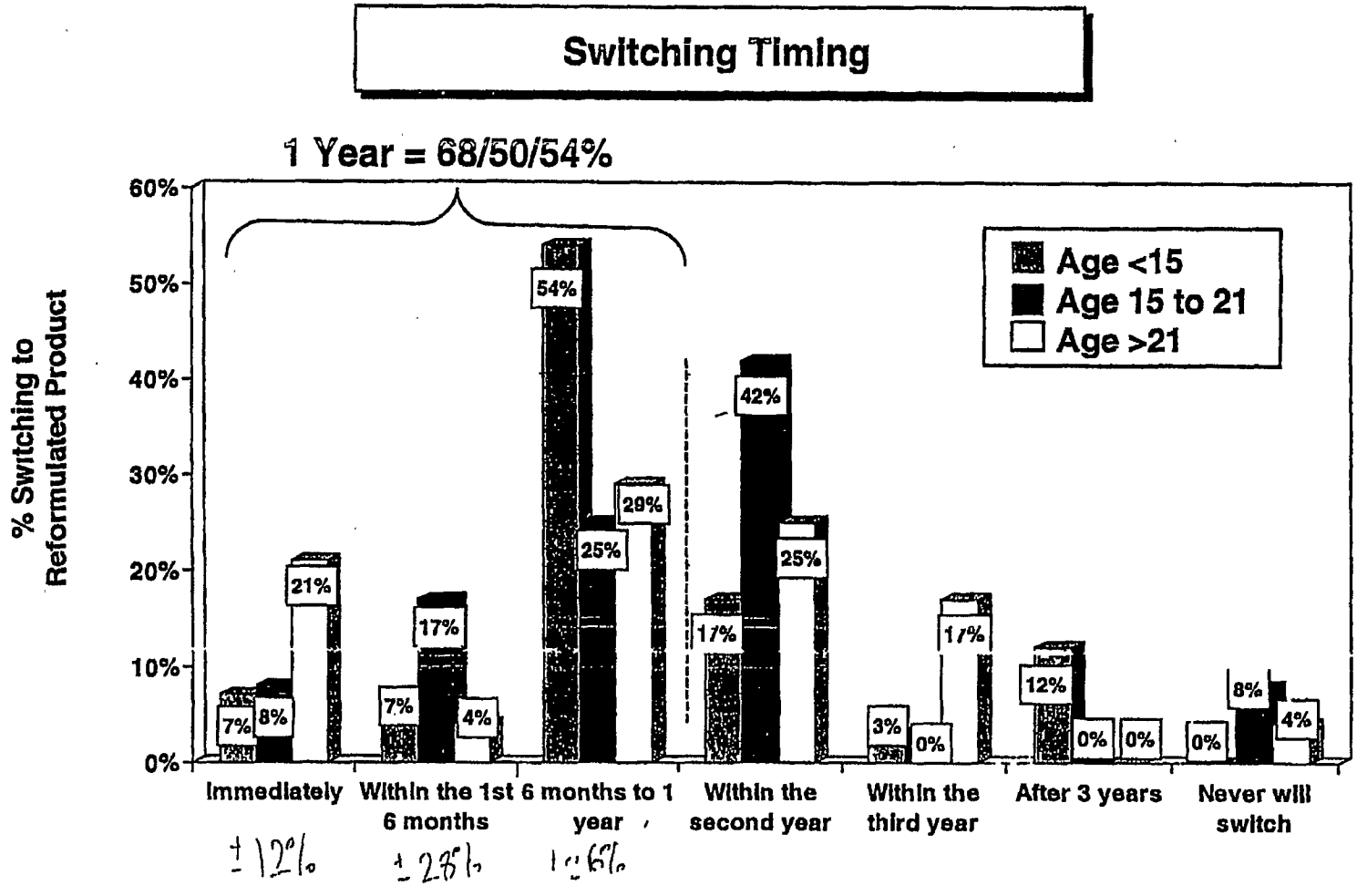
U.S. Final



MARKET

Older patients are more likely to switch immediately. Patients under 15 will most likely wait between 6 months and one year to switch.

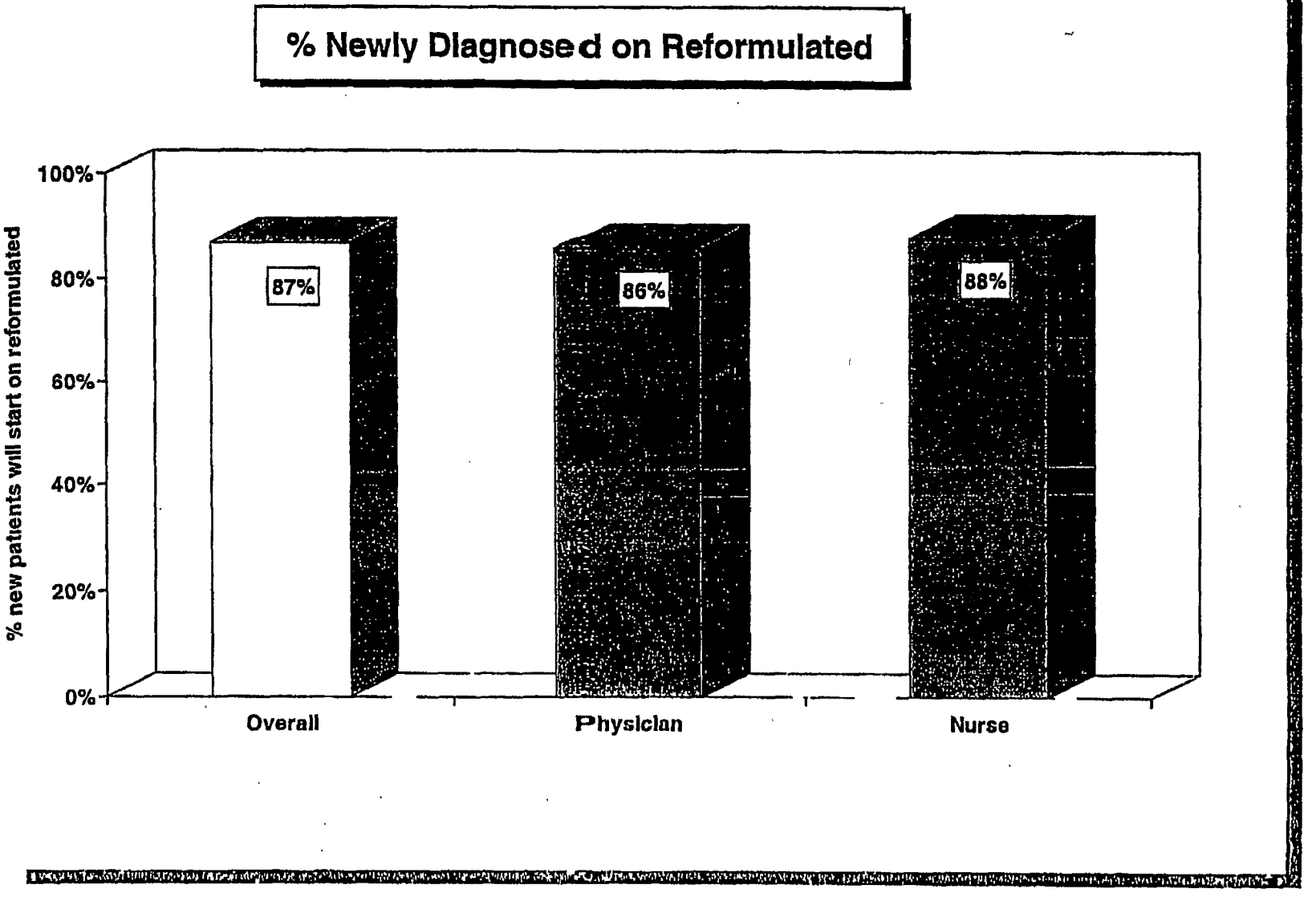
U.S. Final



MARTEC

Both physicians and nurses indicate that nearly 90% of their newly diagnosed patients will start on a reformulated Factor VIII product once it becomes available.

U.S. Final



MARKET

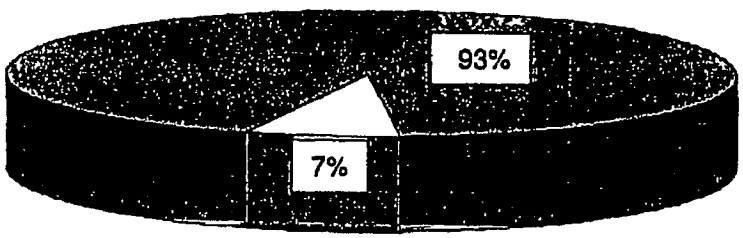
The great majority of patients receive their Factor VIII at home.

U.S. Final

Product Delivery/Pick-up

Professionals
- Estimation -

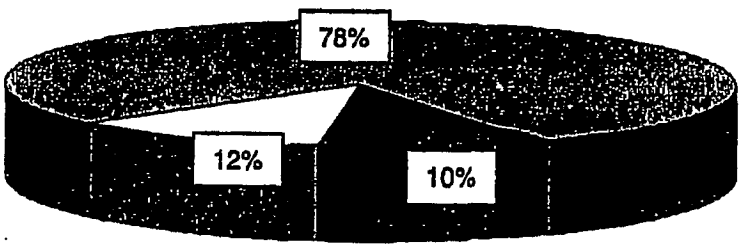
Delivered to Home via Home Health Service



Other
- HTC
- Health Department

Patients

Delivered to Home via Home Health Service



Other
- Hospital
- Doctor office/clinic
- Pharmacy
- Health Department

Hemophilia Treatment Center

MARTEC

GH000882

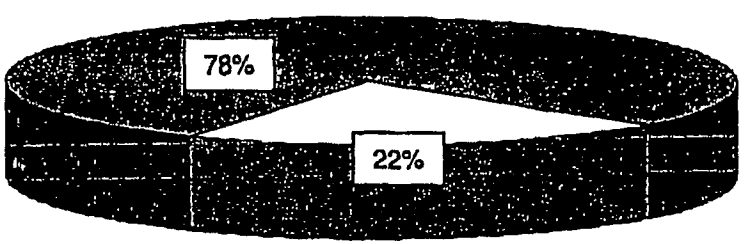
Approximately 75% of patients use private insurance to pay for their hemophilia treatment.

U.S. Final

Product Payment

Professionals
- Estimation -

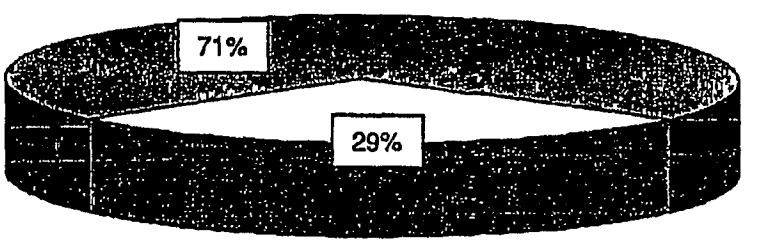
Private Insurance



Public Insurance
- Medicaid/Medicare
- State Services

Patients

Private Insurance

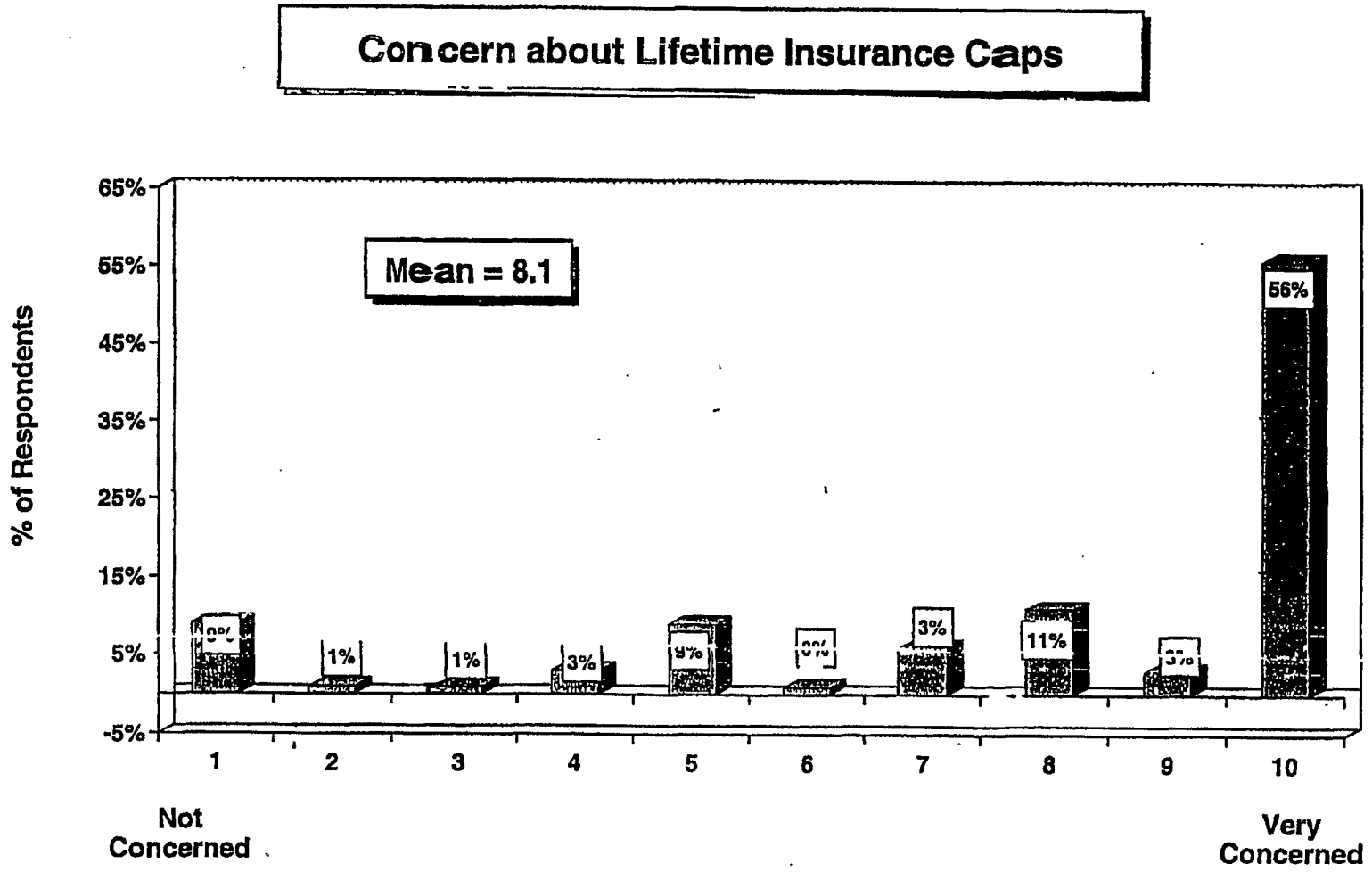


Public Insurance
- Medicaid/Medicare
- State Services

MARTEC

Seventy percent of patients are "highly concerned" about exceeding their lifetime insurance caps...

U.S. Final



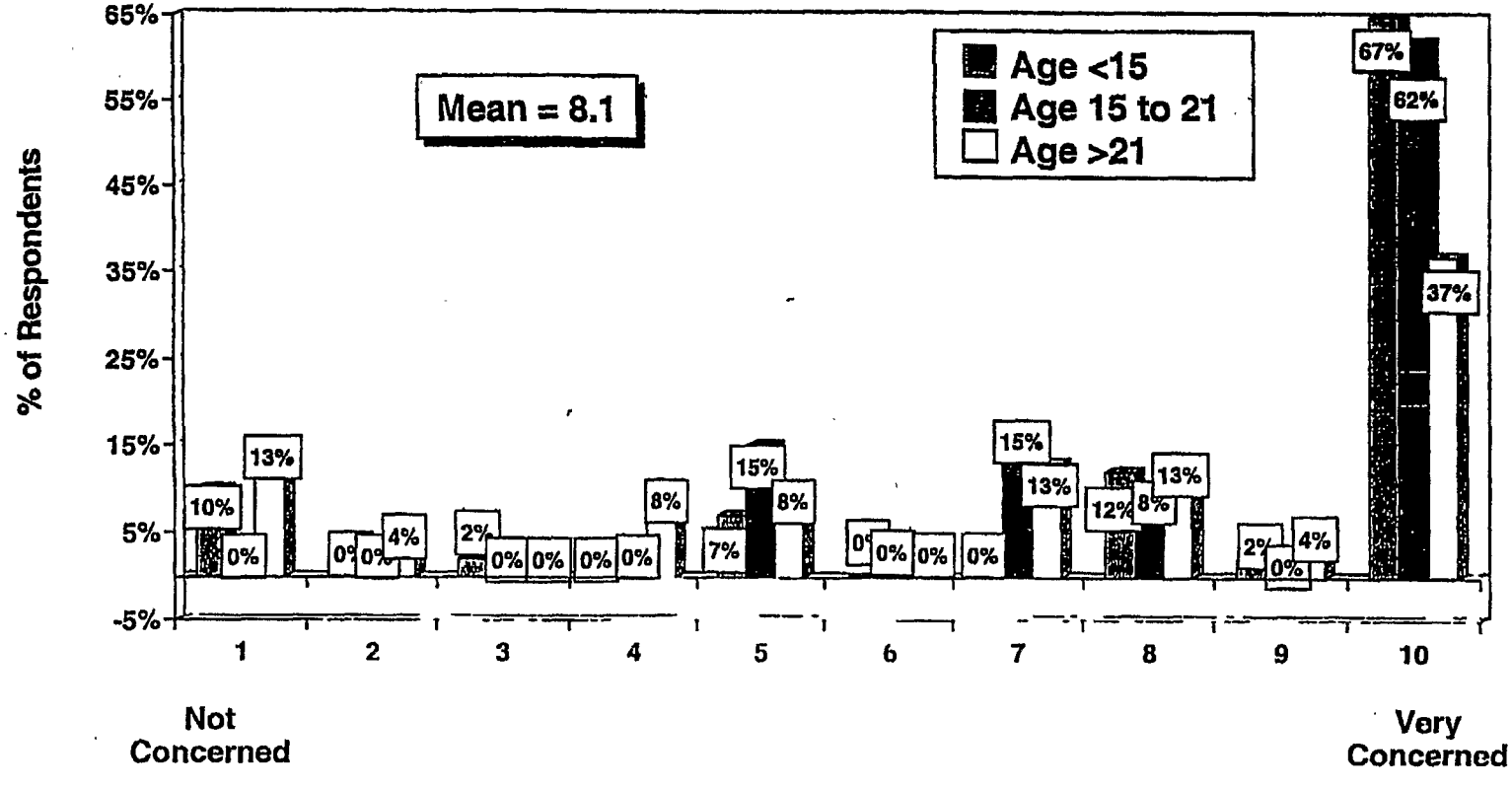
MARTEC

GH000884

However, the older the patient the less the concern.

U.S. Final

Concern about Lifetime Insurance Caps



MARIT(

GH000885

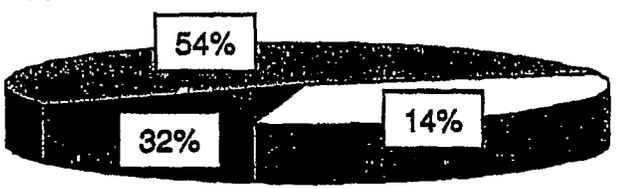
Pricing is not clearly understood by the market. However, all respondents feel current pricing of recombinant products is very high.

U.S. Final

Pricing

Physicians

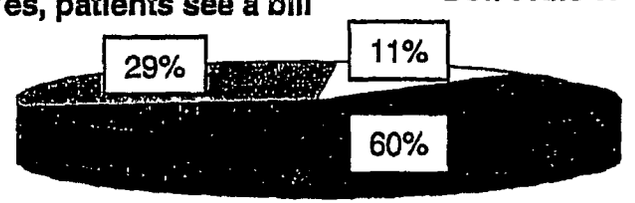
Yes, patients see a bill



No, patients see no bill Don't Know

Nurses

Yes, patients see a bill Don't Know



No, patients see no bill

Estimated Pricing/Unit

	Patients	Doctors	Nurses
Recombinate	$1 05	$.86	$ 98
Don't know	*44%*	*24%*	*35%*
Kogenate	$ 99	$ 90	$ 97
Don't know	*33%*	*27%*	*43%*
Bioclate	$ 83	$ 73	$ 96
Don't know	*67%*	*55%*	*54%*
Helexate	$1 09	$ 90	$ 95
Don't Know	*33%*	*60%*	*77%*

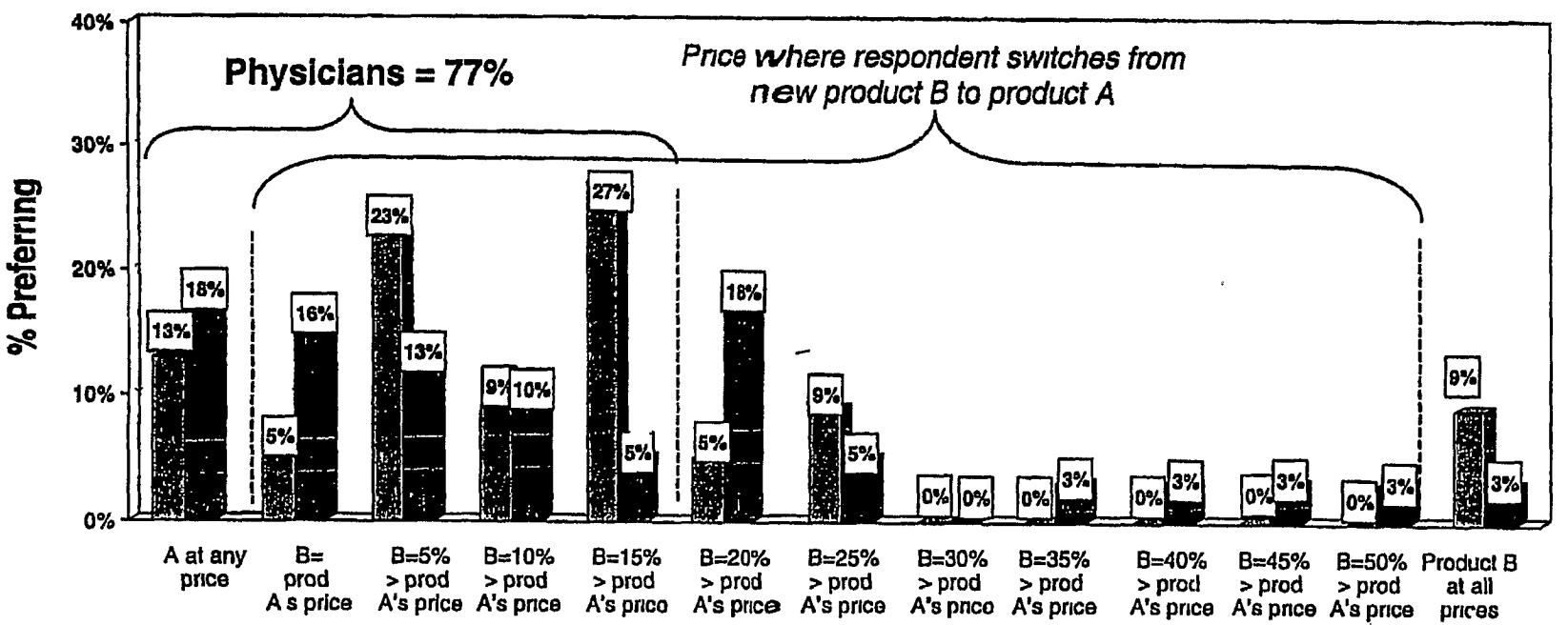
MARTEC

GH000886

Nearly 80% of physicians will choose a current product if the price premium for the reformulated one exceeds 15%. Nurses demonstrate less price sensitivity.

U.S. Final

Pricing Sensitivity



Product A A current recombinant product

Product B A reformulated recombinant product

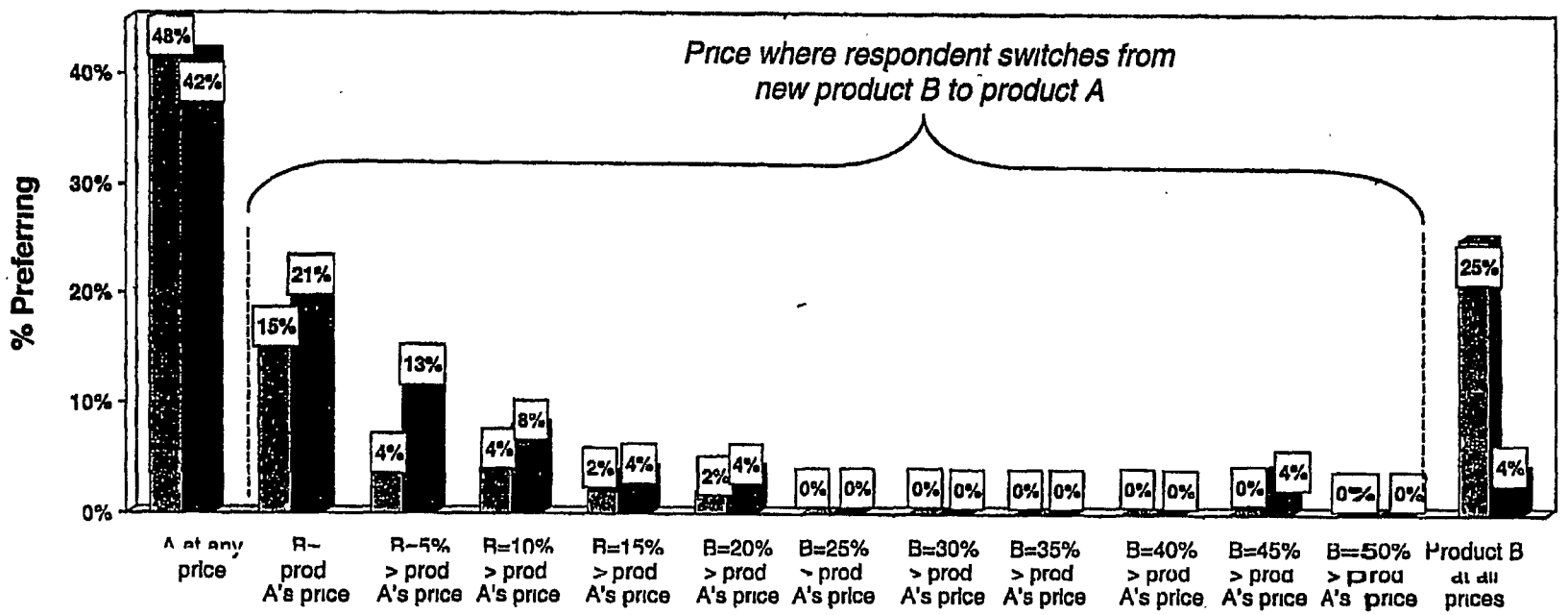
Comments Brand is the same Product A today's price/unit Price of Product B increase at 5% intervals from below A's price to more than 150% of A's price

MARIT(

Patients demonstrate little price sensitivity as most choose either the current or reformulated product regardless of price.

U.S. Final

Pricing Sensitivity



Product A A current recombinant product

Product B A reformulated recombinant product

Comments: Brand is the same Product A = today's price/unit Price of Product B increase at 5% intervals from below A's price to more than 150% of A's price

MARTEC

When the safety benefits of the new products are not well understood, respondents generally choose to stay with experience.

Pricing Sensitivity Comments

Professional Comments

"With no information about the reformulated products, I would stay with the current ones "

"There are no problems with our current products that would justify a premium of 10% or more "

"Some of our patients spend $50,000 a year on their Factor VIII, another 10% would mean an additional $5,000 "

"For patients using private insurance, a 15% premium will cap out their insurance too quickly "

Patient Comments

"If the new product is safer, then cost does not matter "

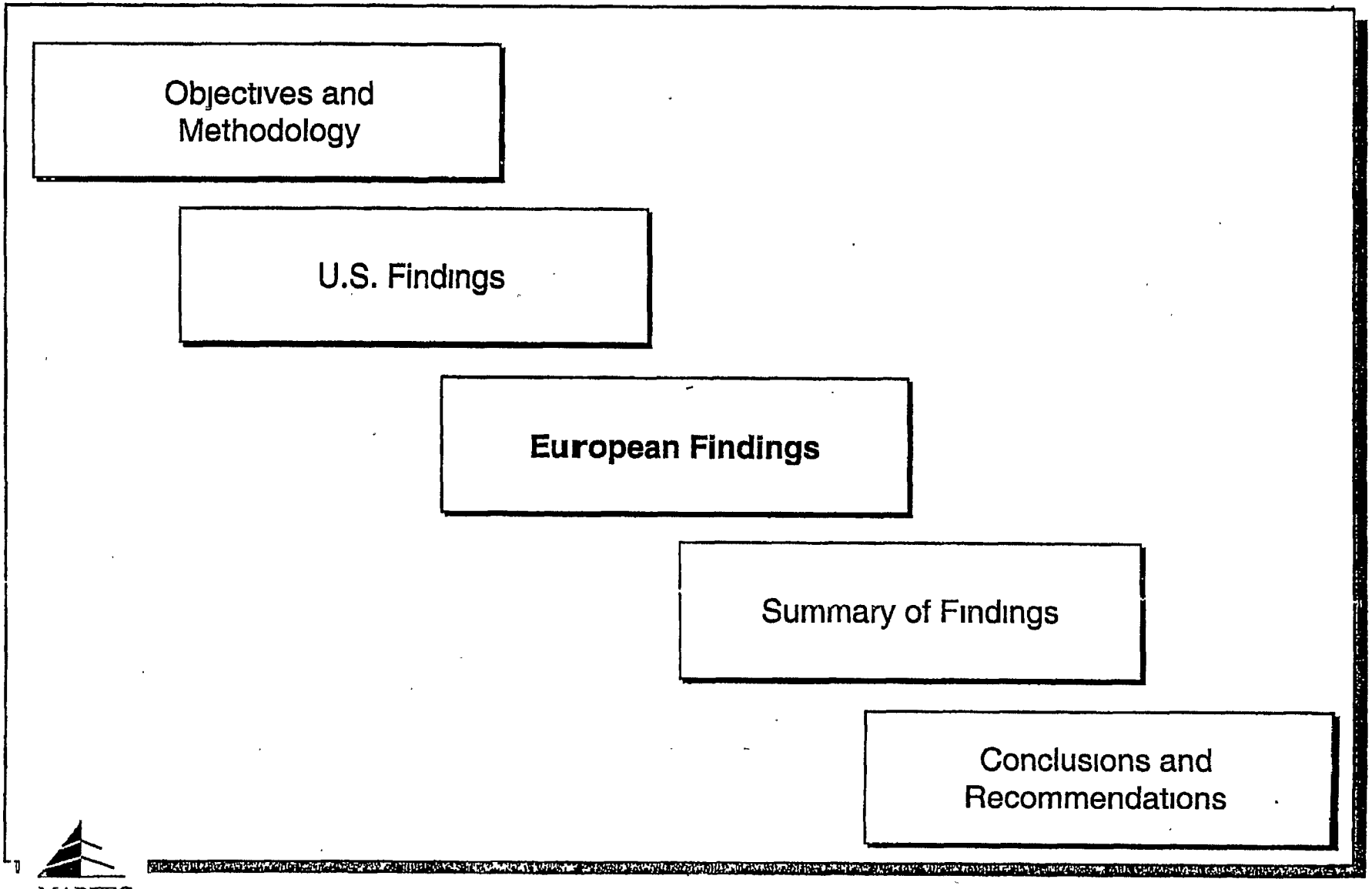
"I want the safest product, regardless of the cost "

"If a new product came out with no experience and it cost less, I would be very skeptical of it "

"If I have experience with my current product and the new one is not cheaper, why would I switch?"

"A 15% increase in cost would max our insurance too quickly "

Agenda



MARTEC

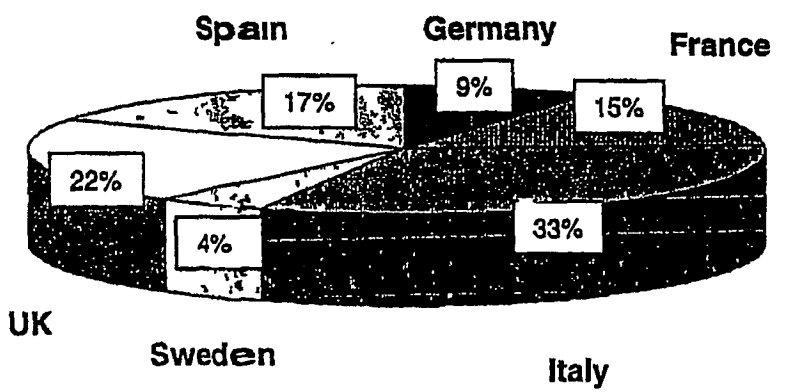
GH000890

Of the 300 interviews completed worldwide, a total of 105 Phase II interviews were completed in seven European countries.

European Final

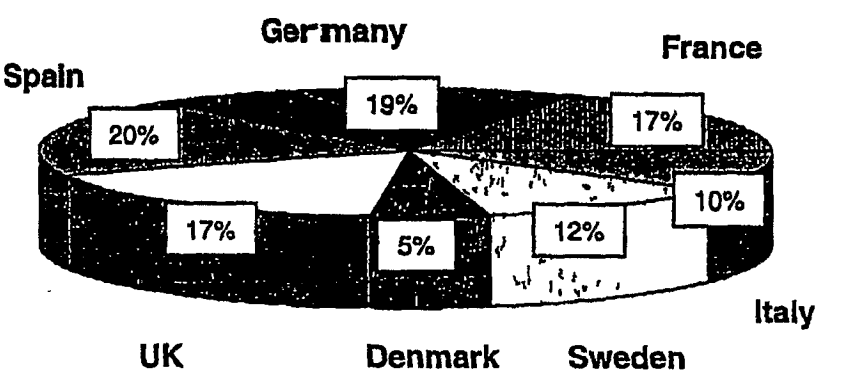
Respondents By Country

Physicians



n = 46

Patients



n = 59

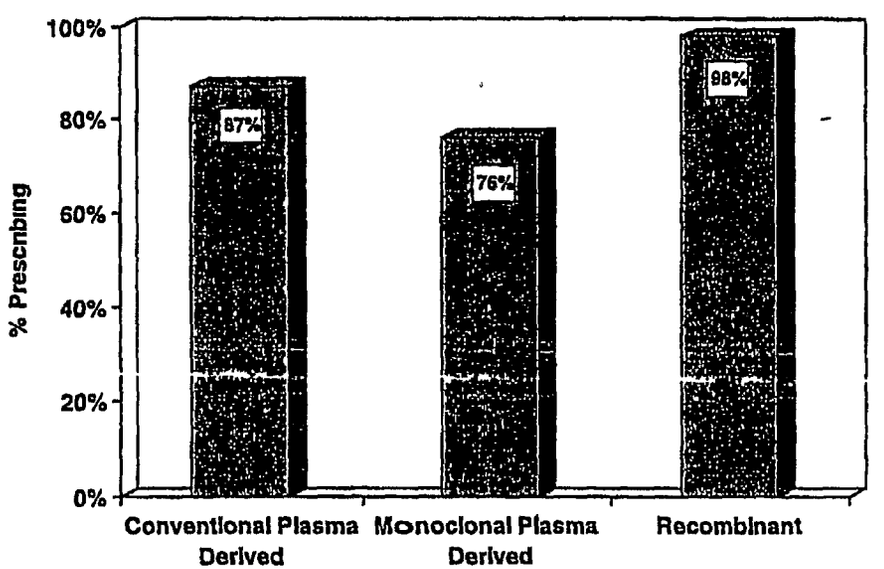
MARTLC

Nearly every physician is prescribing recombinant products to some of their patients.

European Final

Product Usage - Physician -

Product Type Prescribed



Primary Brand Prescribed*

Conventional:
- Emoclot - 50%
- Hemate - 14%
- Fandi - 9%
- Won't reveal - 9%

Monoclonal
- Hemophil M - 44%
- Monoclate - 11%
- Won't reveal - 39%

Recombinant
- Kogenate - 48%
- Recombinate - 19%
- Won't reveal - 29%

**Not statistically valid respondent group size*

MARTEC

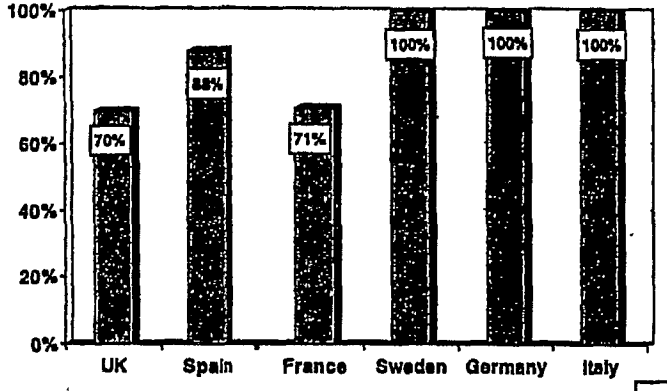
GH000892

Spain is the only country with physicians reporting less use of recombinant Factor VIII products than plasma derived products.

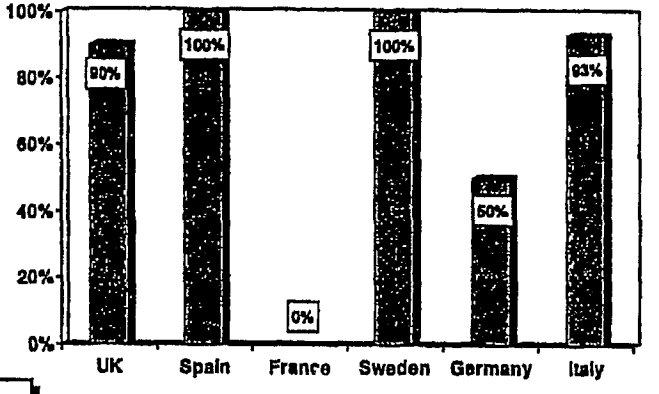
European Final

Product's Prescribed - By Country

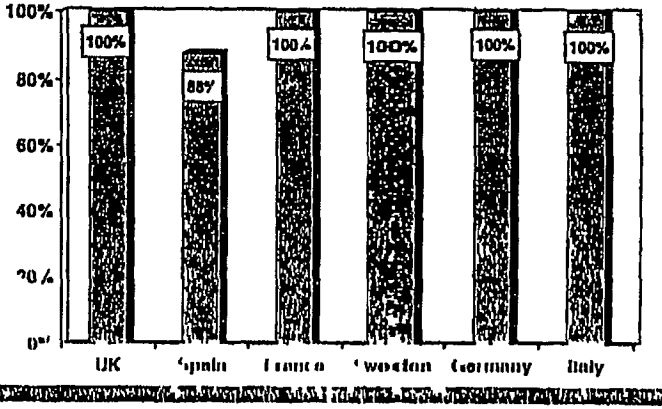
Conventional Plasma



Monoclonal Plasma



Recombinant



MARTI

Just under 50% of European physicians would talk openly about brand use.

European Final

Product Brand Prescribed - By Country -

Country	Conventional Plasma Derived	Monoclonal Plasma Derived	Recombinant
UK	1 Alphanate – 50% 2 Replenate – 50%	1 Monoclate – 100%	1 Kogenate – 100%
Spain	1 Fandi – 67% 2 Helexate – 33%	1 Hemophil M – 100%	1 Kogenate – 67% 2 Recombinate – 33%
Sweden		1 Octonativ – 100%	
Germany	***Would Not Reveal***		
Italy	1 Emoclot – 73% 2 Hemate – 20% 3 Kriobulin – 7%	1 Hemophil M – 100%	1 Kogenate – 60% 2 Recombinate – 30% 3 Elixate – 10%
	n = 20	*n = 11*	*n = 15*

**Not statistically valid respondent group size*

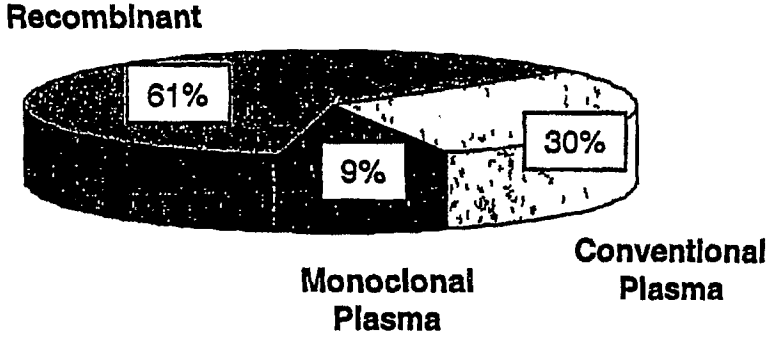
MARTEC

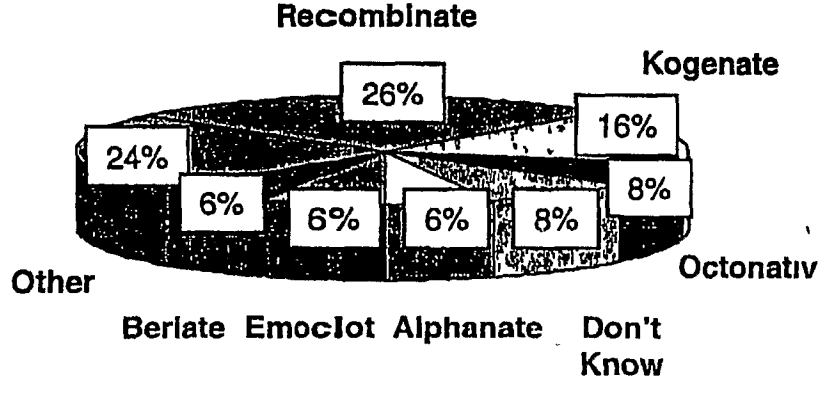
In this sample, more patients use Recombinate than any other product. Ninety-one percent of respondents have switched products at least one time.

European Final

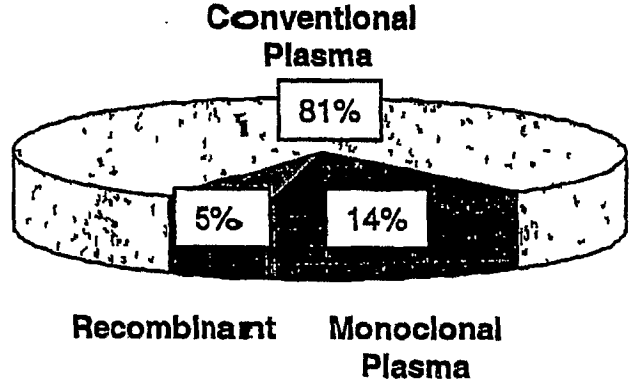
Product Usage - Patients -

Current Products





Previous Products



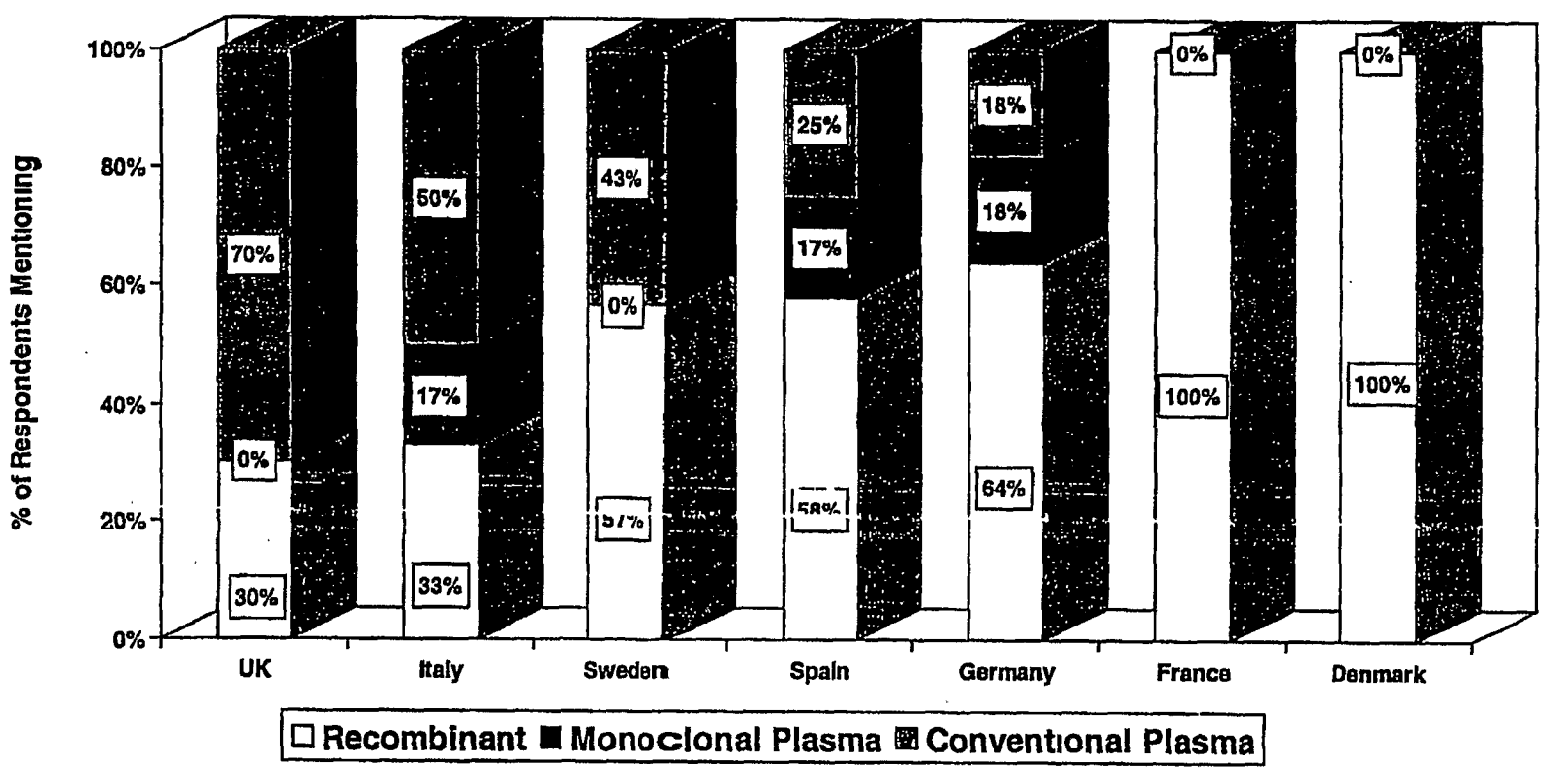
Monoclate - P	11%
Octonativ	9%
Berlate	9%
Don't know name	9%
Hemophil M	7%
Replenate	7%
Koate - HP	5%
Crypercypitate	5%
Recombinate	5%
Kogenate	5%
Never switched	*9%*

MARKET

While patient populations in most countries have moved to using all or mostly recombinant products, there are still a large percentage of conventional plasma users in the UK and Italy.

European Final

FVIII Replacement Usage By Country - Patients -



MARTEC

GH 000896

The promise of improved *product safety* was the number one reason for switching products. Doctors were the largest influencers in a patient's decision to switch.

European Final

Reasons for Past Switching - Patients -

Safer product - less exposure to human protein	***72%***
Doctor recommendation	28%
Availability	20%
Adverse side effects	6%
Developed viral infections	6%
Developed inhibitor	2%
Unit dosage size	2%
Price	2%
Product half life	2%
Manufacturer reputation	2%

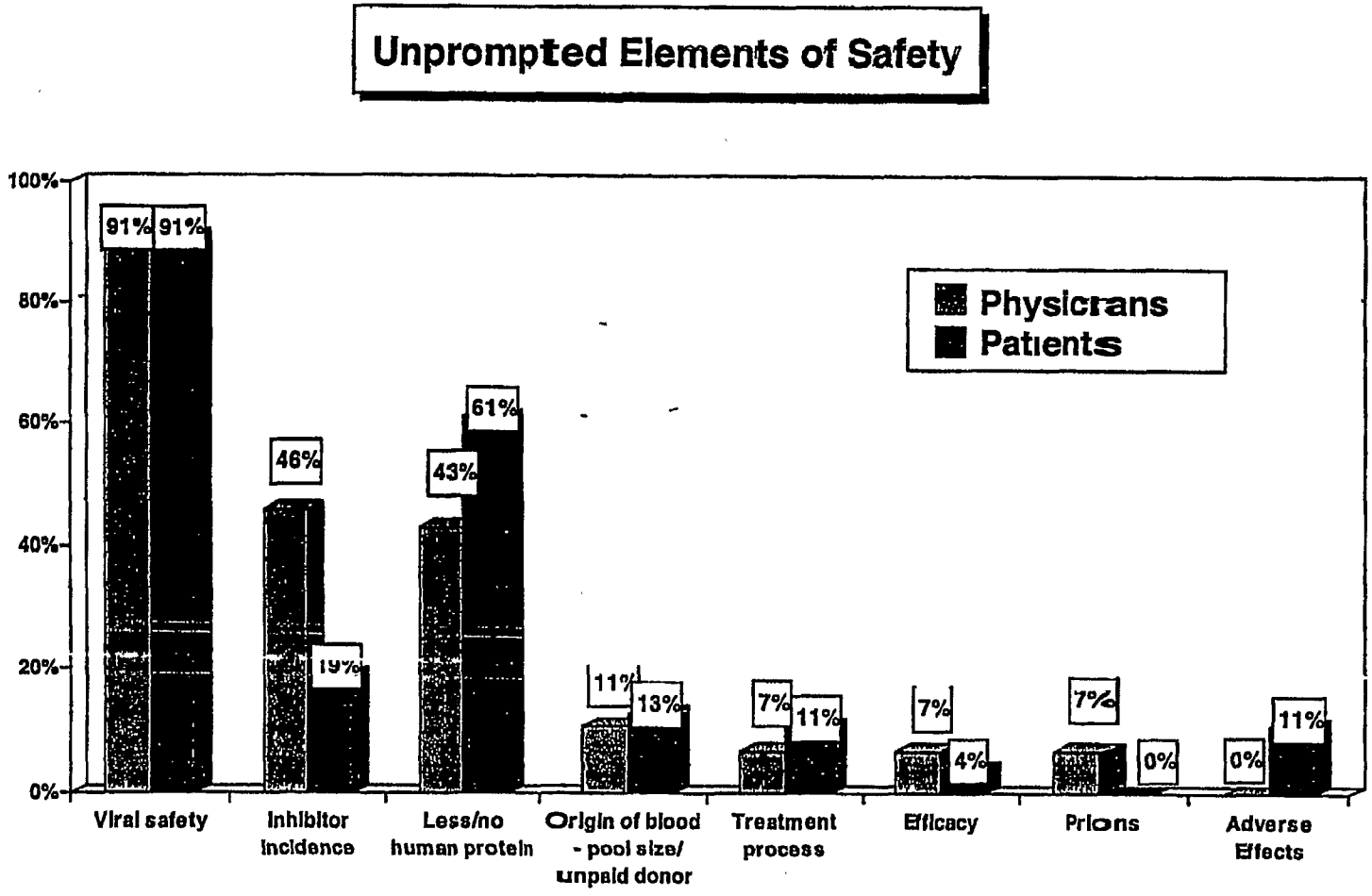
Past Switching Influencers - Patients -

Doctor	***65%***
Other patients	22%
Own research	17%
Hemophilia Society	13%
Hemophilia Treatment Center	9%
Hospital	9%
Nurse	4%

MARI EC

Viral safety, inhibitor incidence and level of human protein **were most often mentioned as key elements of safety by both physicians and patients.**

European Final



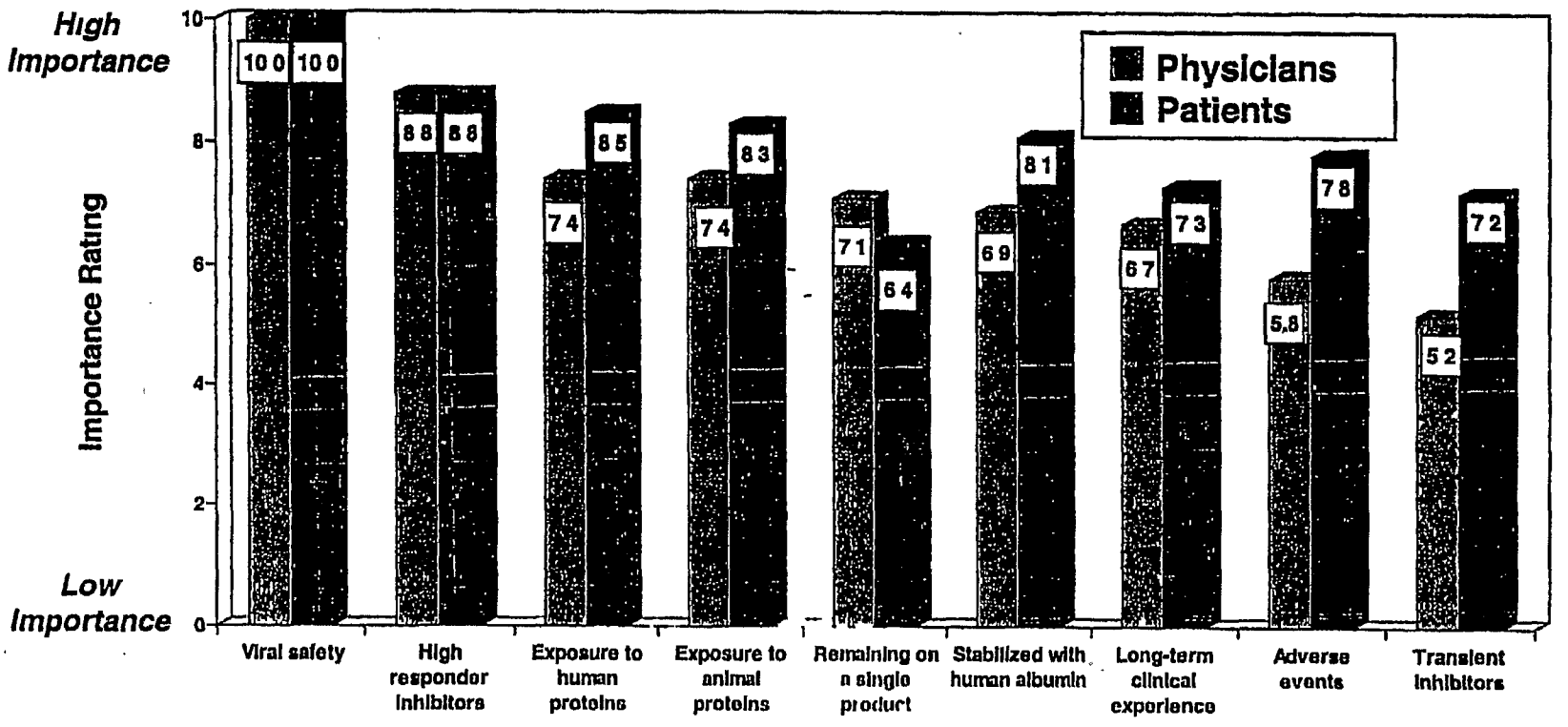
MARTEC

GH000898

Viral safety **and** ***high responder inhibitor*** **rated the highest in terms of safety importance for both groups.** ***Remaining on a single product*** **rated the lowest in importance among patients.**

European Final t

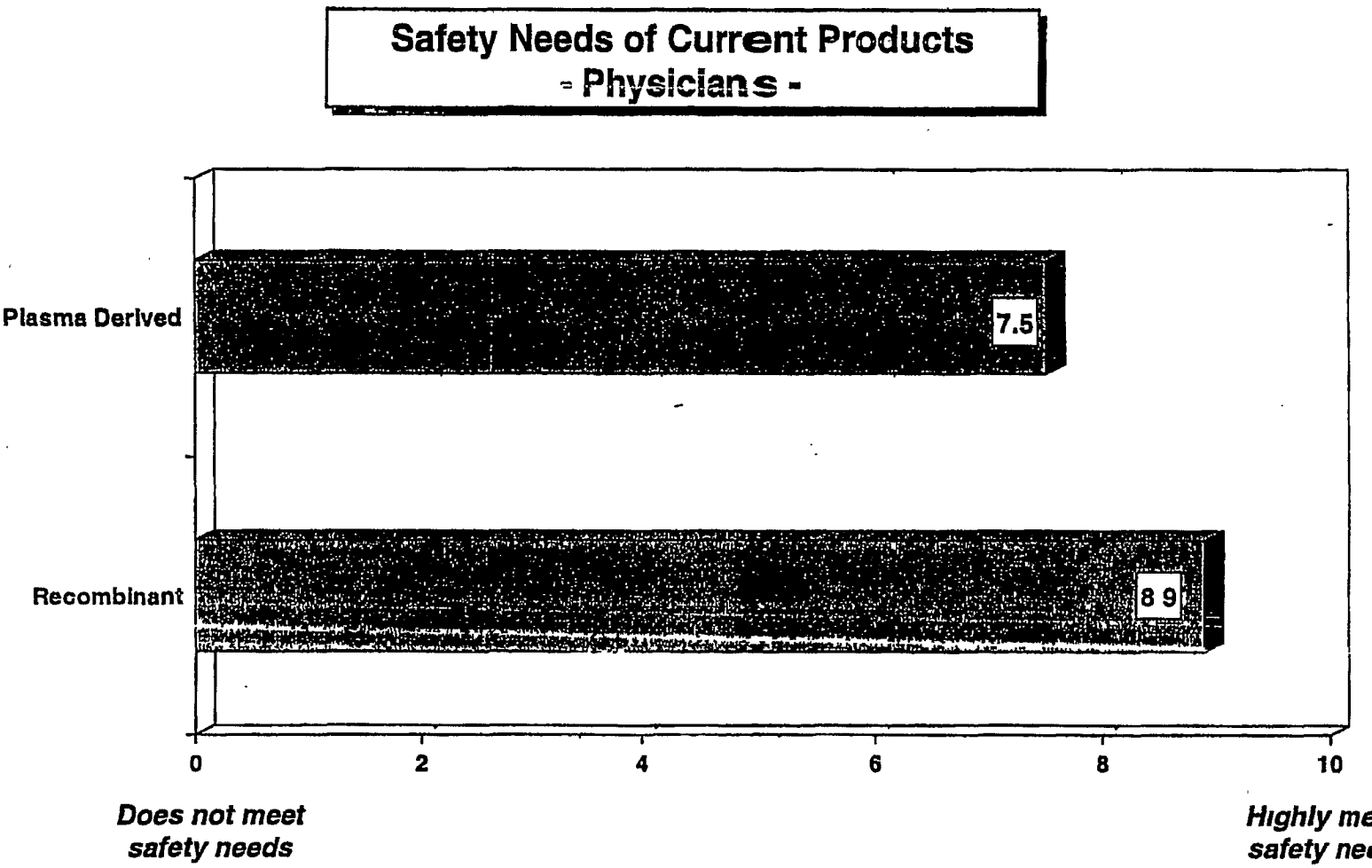
Safety Element Importance



MARTEC

Recombinant products are perceived by European physicians as being much more able to satisfy patients' safety needs.

European Final

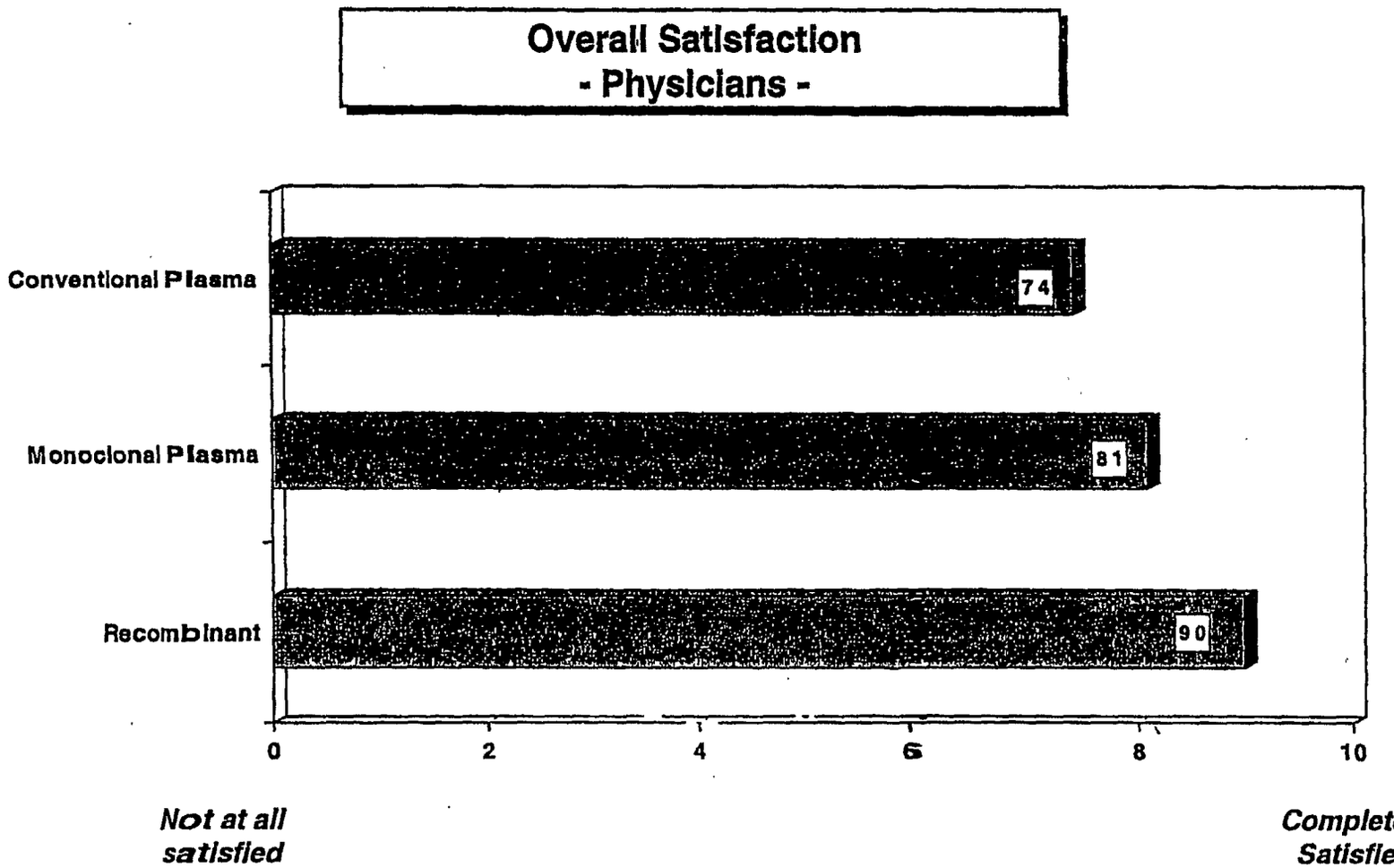


MARTEC

GH000900

Not surprisingly, physicians are more satisfied with recombinant products than with plasma derived products.

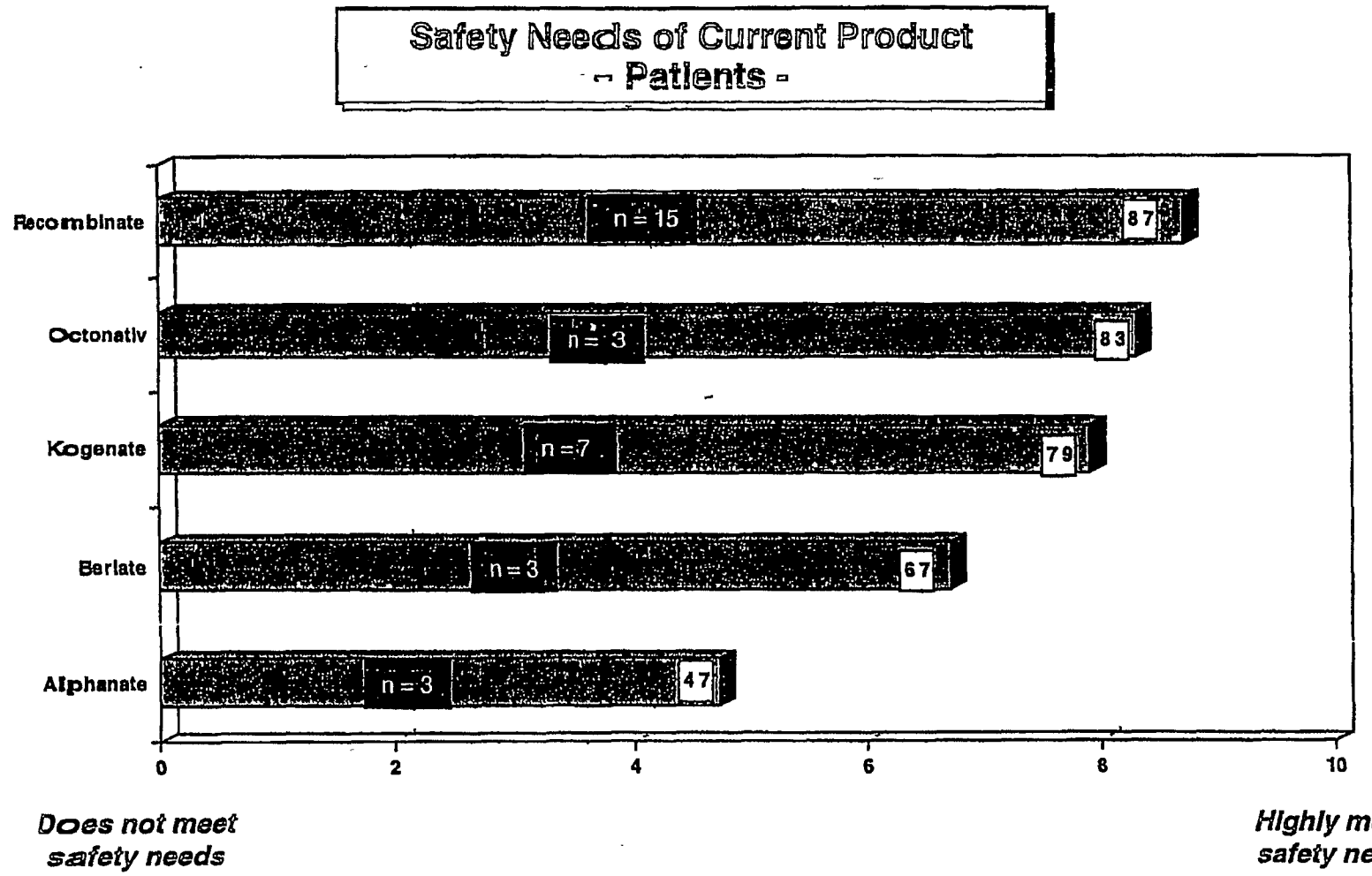
European Final



MARTEC

Patients rated Recombinate the highest in terms of meeting their safety needs.

European Final

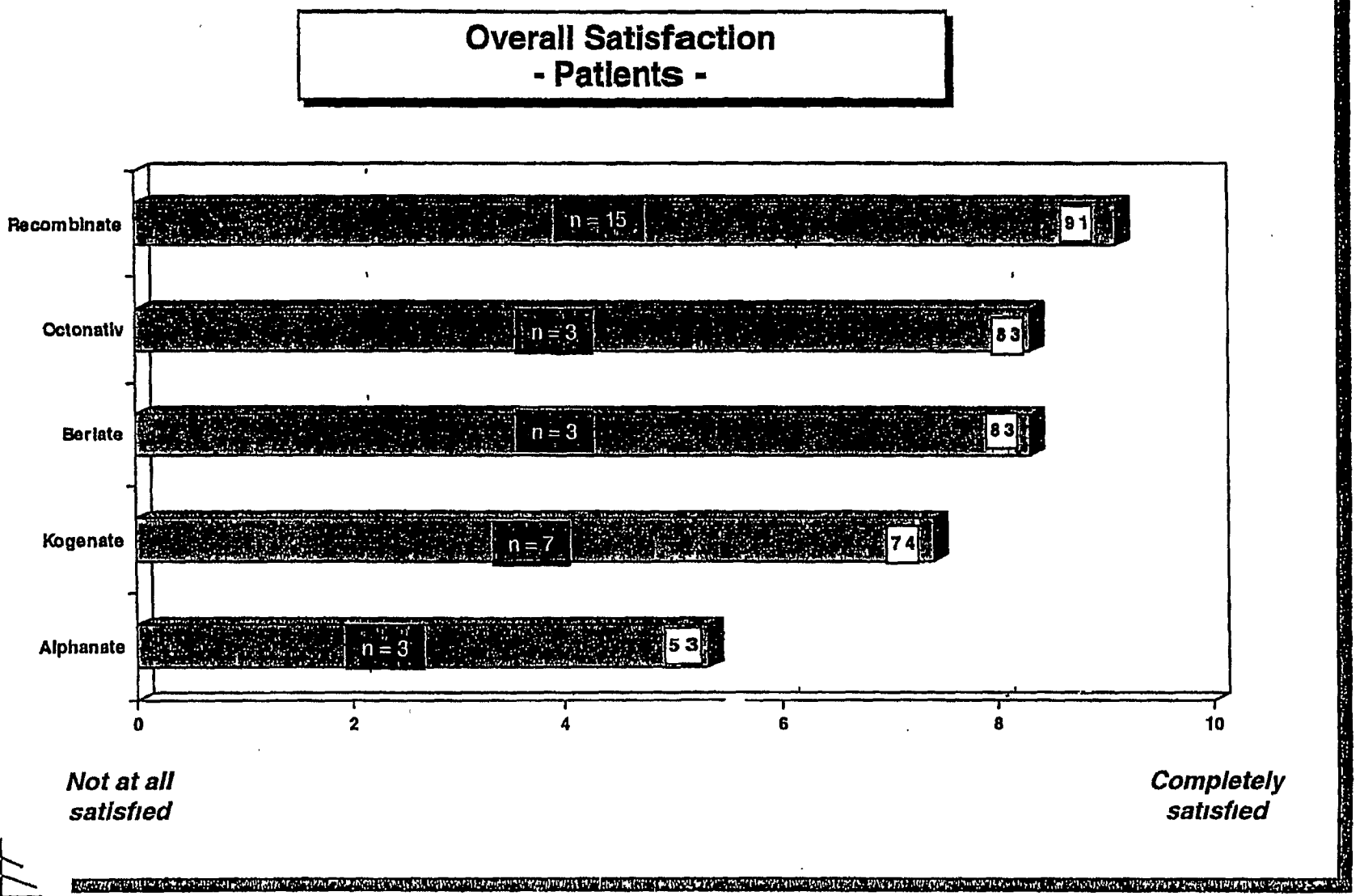


MARTEC

GH000902

Recombinate also received the highest current overall satisfaction rating from patients.

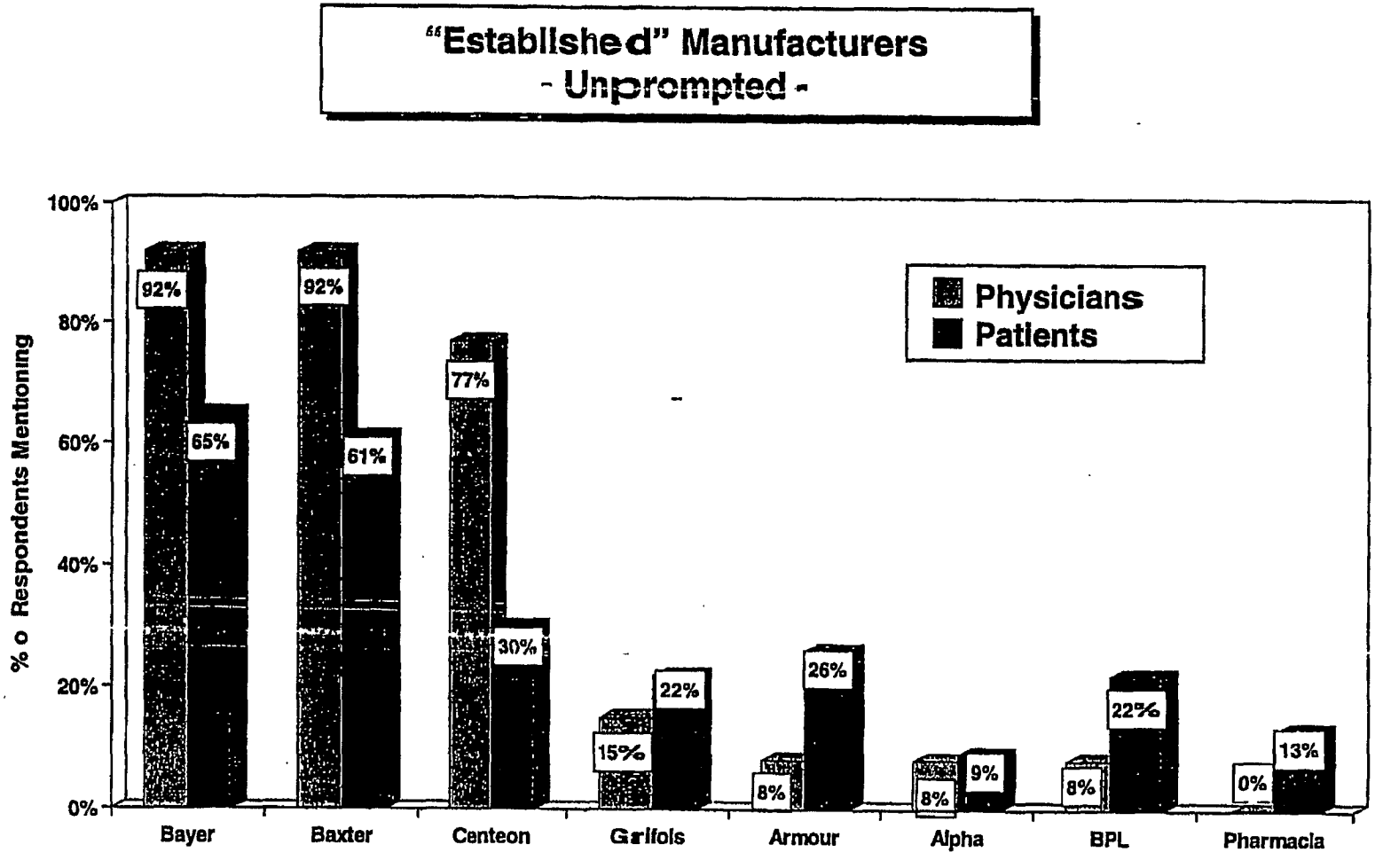
European Final



MAR IT(

Baxter, Bayer and Centeon were most often thought of as "established" manufacturers of hemophilia products by physicians and to a lesser extent by patients.

European Final



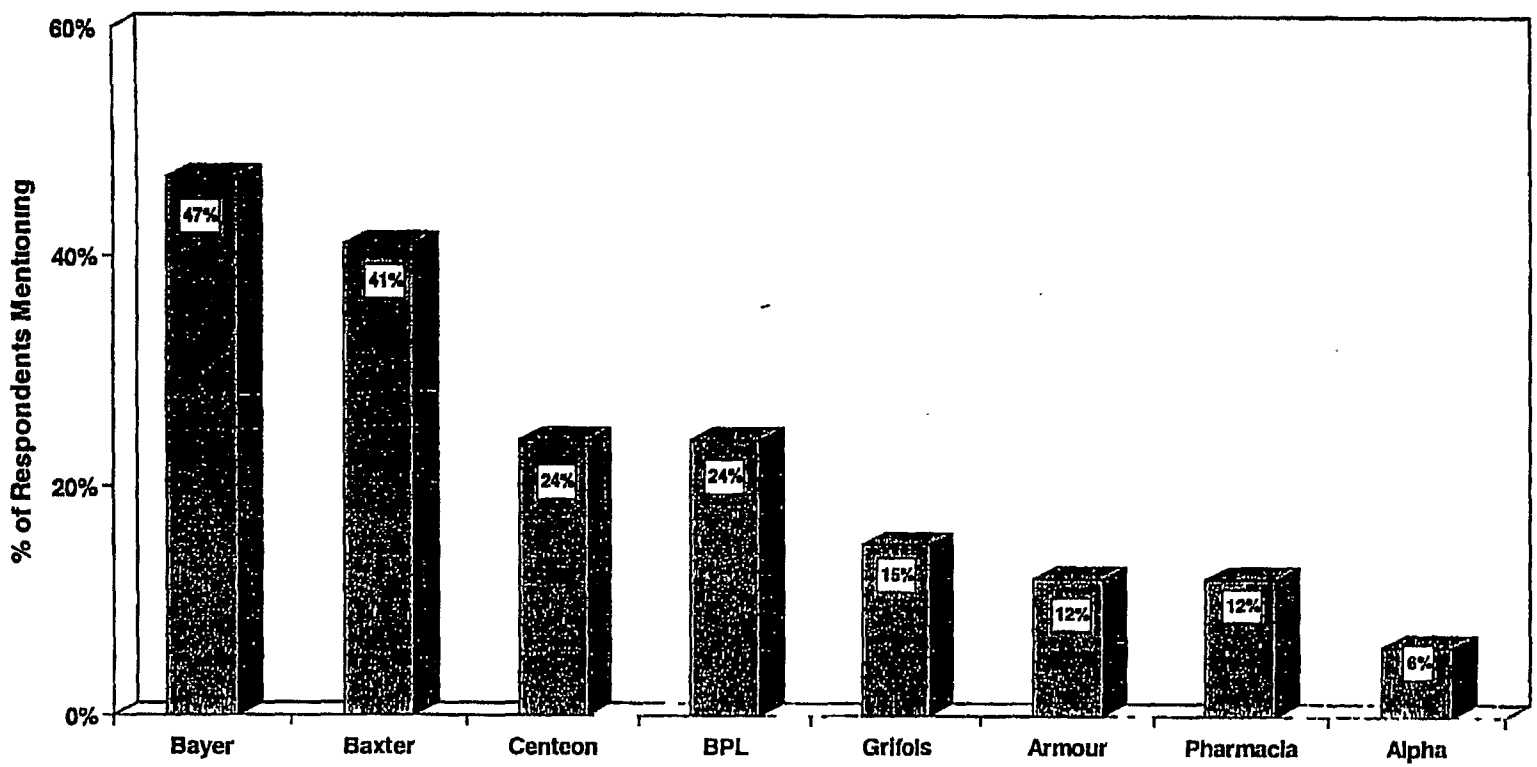
MARTEC

GH000904

Patients feel most comfortable with Bayer and Baxter as suppliers of their hemophilia products.

European Final

Comfort Level with Manufacturers
- Patients Unprompted -

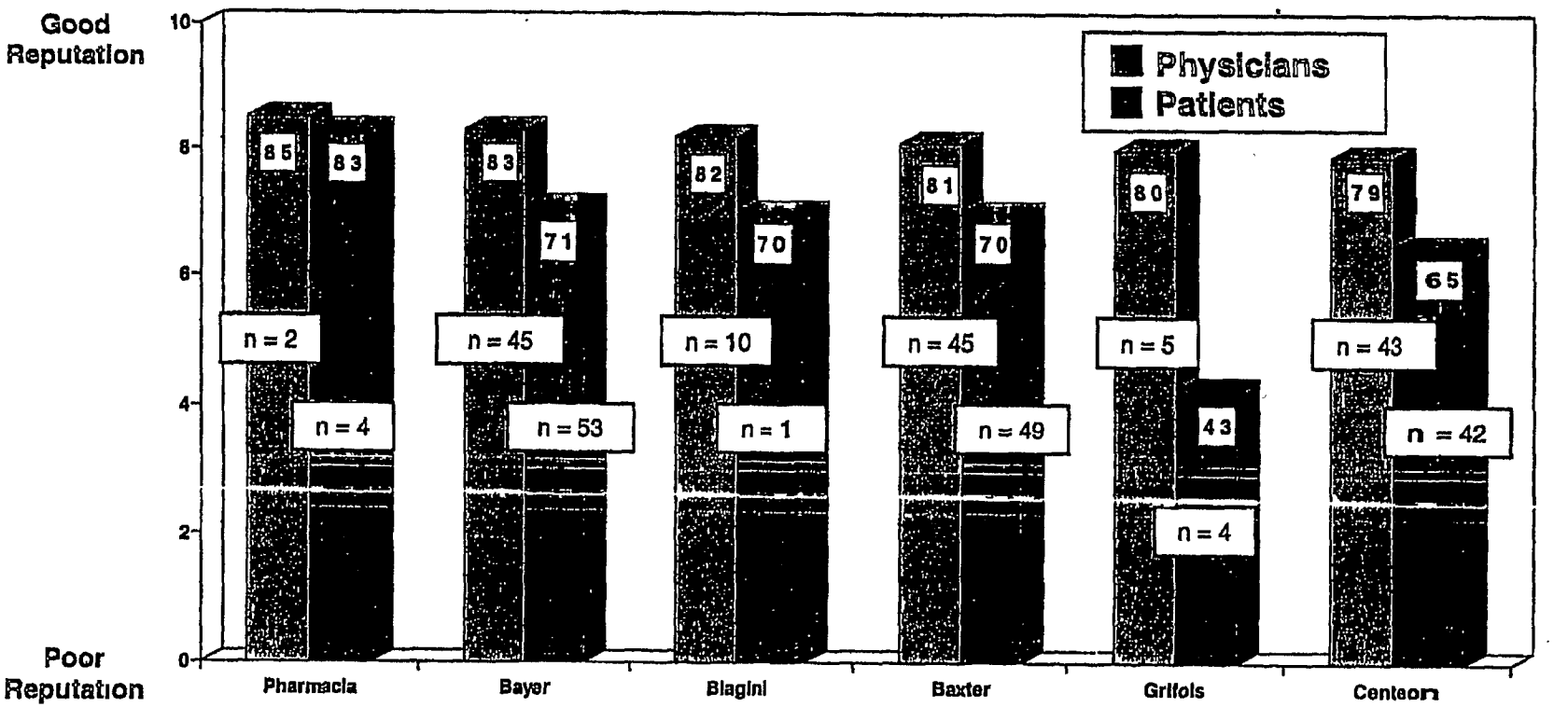


MARTEC

Physicians view all suppliers more highly in terms of their reputation than do patients. Pharmacia is not very well known, but considered to have the best reputation by those who rate them.

European Final

Company Reputation
- Prompted -



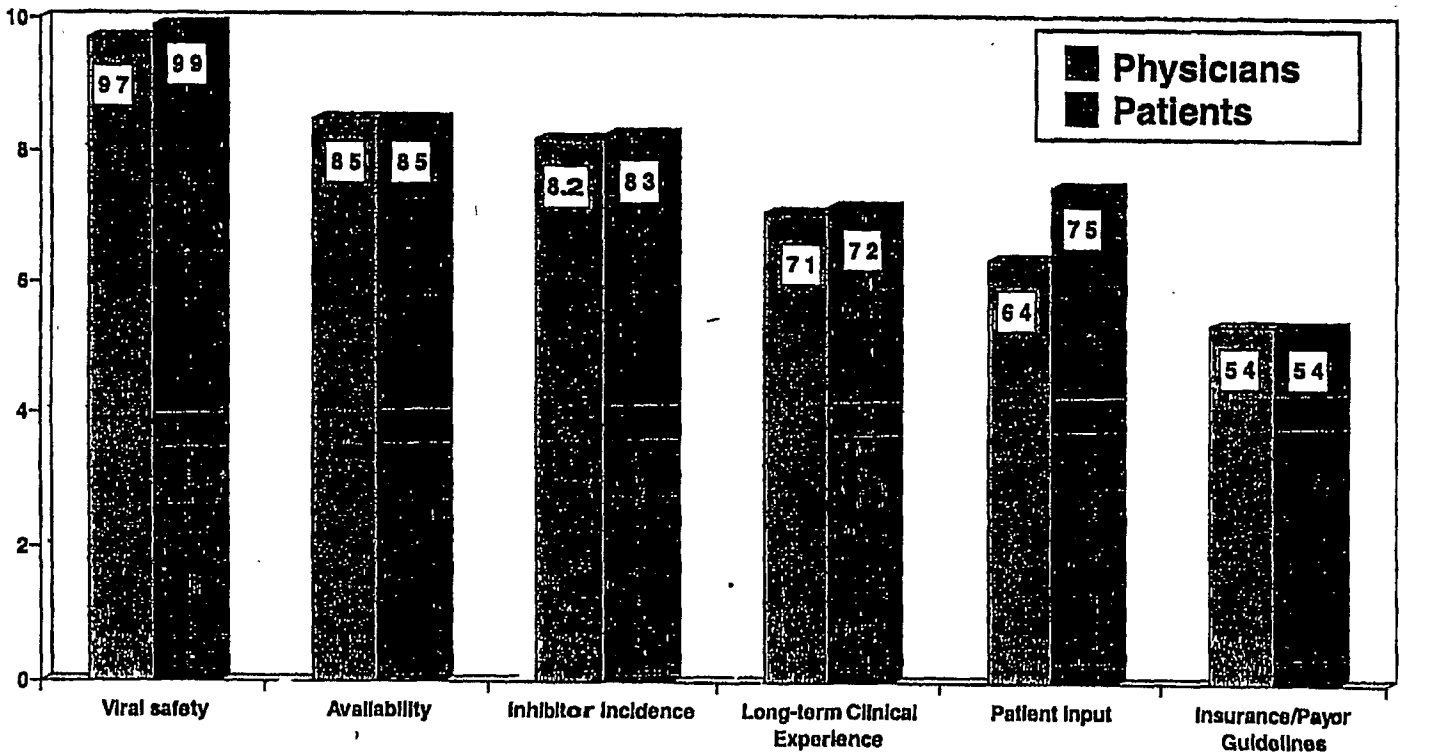
MARTEC

GH000906

Viral safety is clearly considered the most important criteria among both groups when selecting a recombinant Factor VIII concentrate.

European Final

Key Switching Criteria - Importance Ratings -



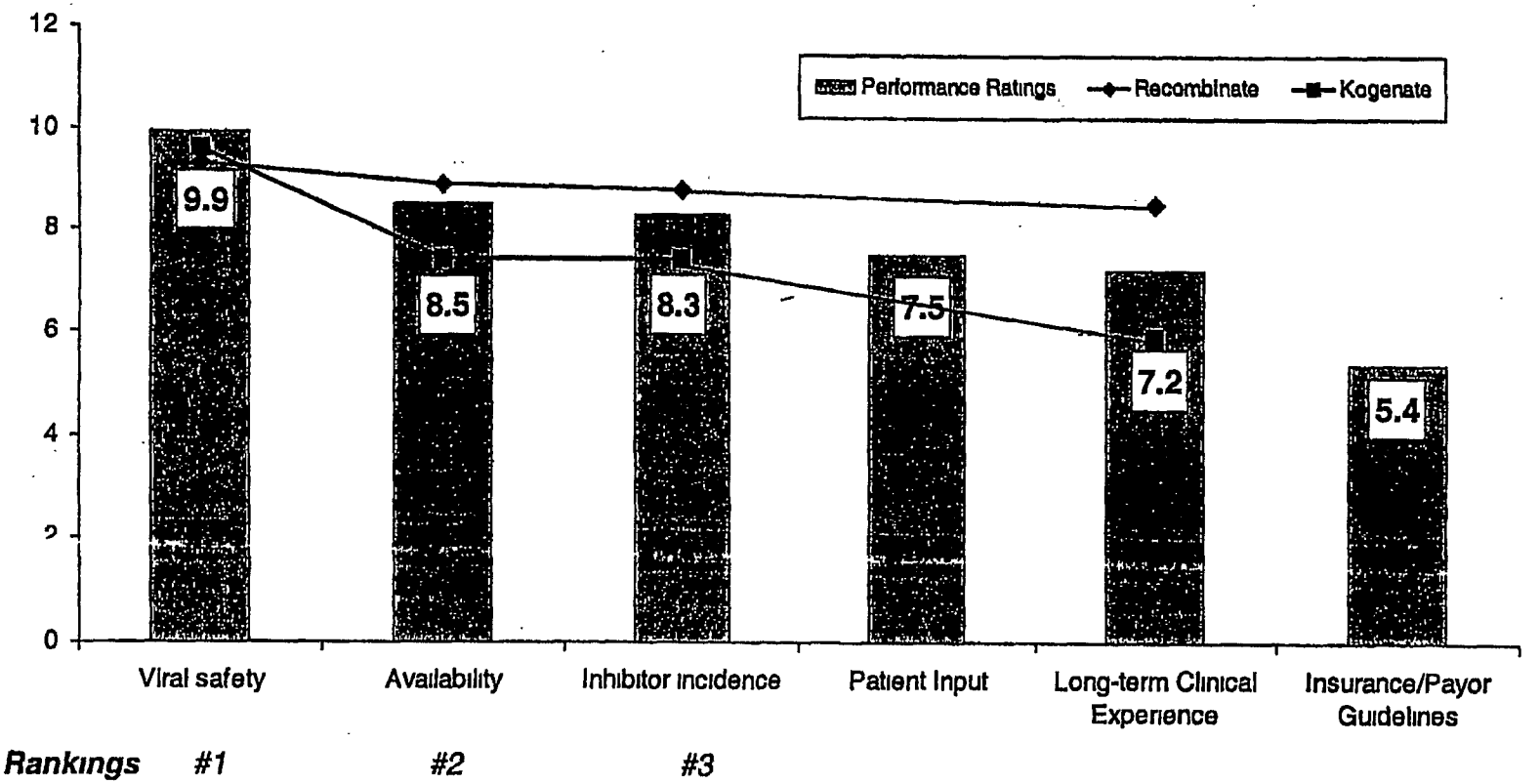
Rankings #1 #3 #2

MARTEC

When asked about product performance, patients report that Baxter outperforms Bayer in 3 of 4 key switching criteria.

European Final

Patient Key Switching Criteria - Importance and Performance -



Rankings *#1* *#2* *#3*

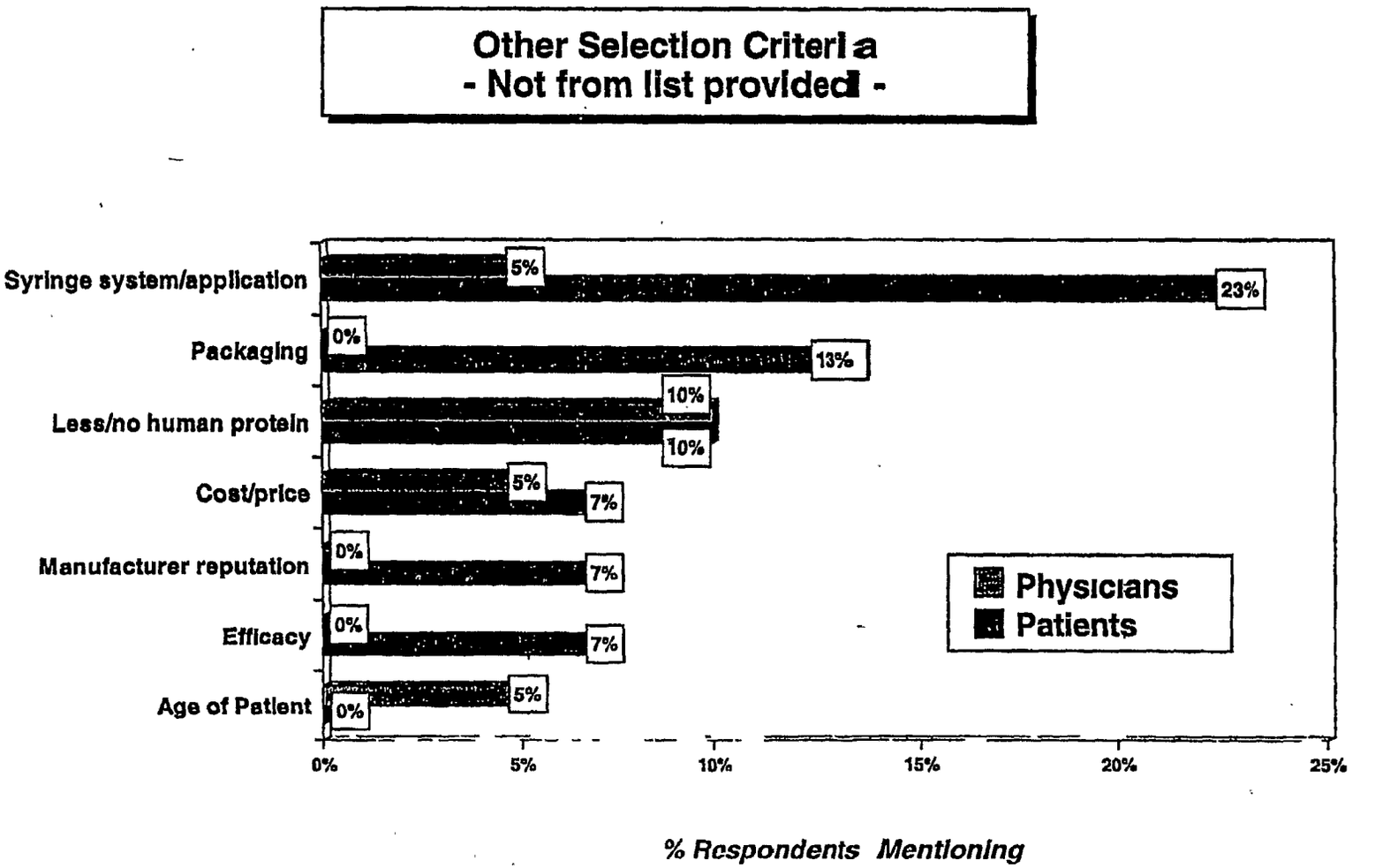
Performance was not asked for on Patient Input and Insurance Guidelines

MARTEC

GH000908

When asked about other selection criteria not on the previous list, syringe system/application was mentioned most often; by nearly one quarter of patients.

European Final



MARTEC

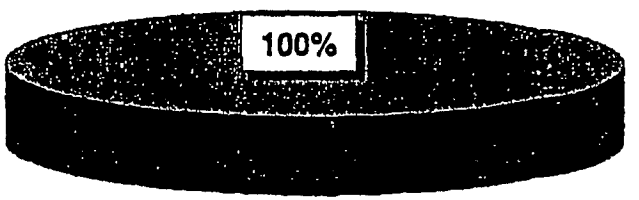
Every physician is satisfied with current vile size and potency strength options, but only 43% of patients feel this way.

European Final

Vile Sizes and Potency Strengths

Physicians

Yes, satisfied



Patients

No, not satisfied

Yes, satisfied

"The current offering is sufficient to cover most situations However, there could be 250 unit vials for pediatric treatments - Spanish Physician

"The number of units are OK, but smaller vile sizes are needed "

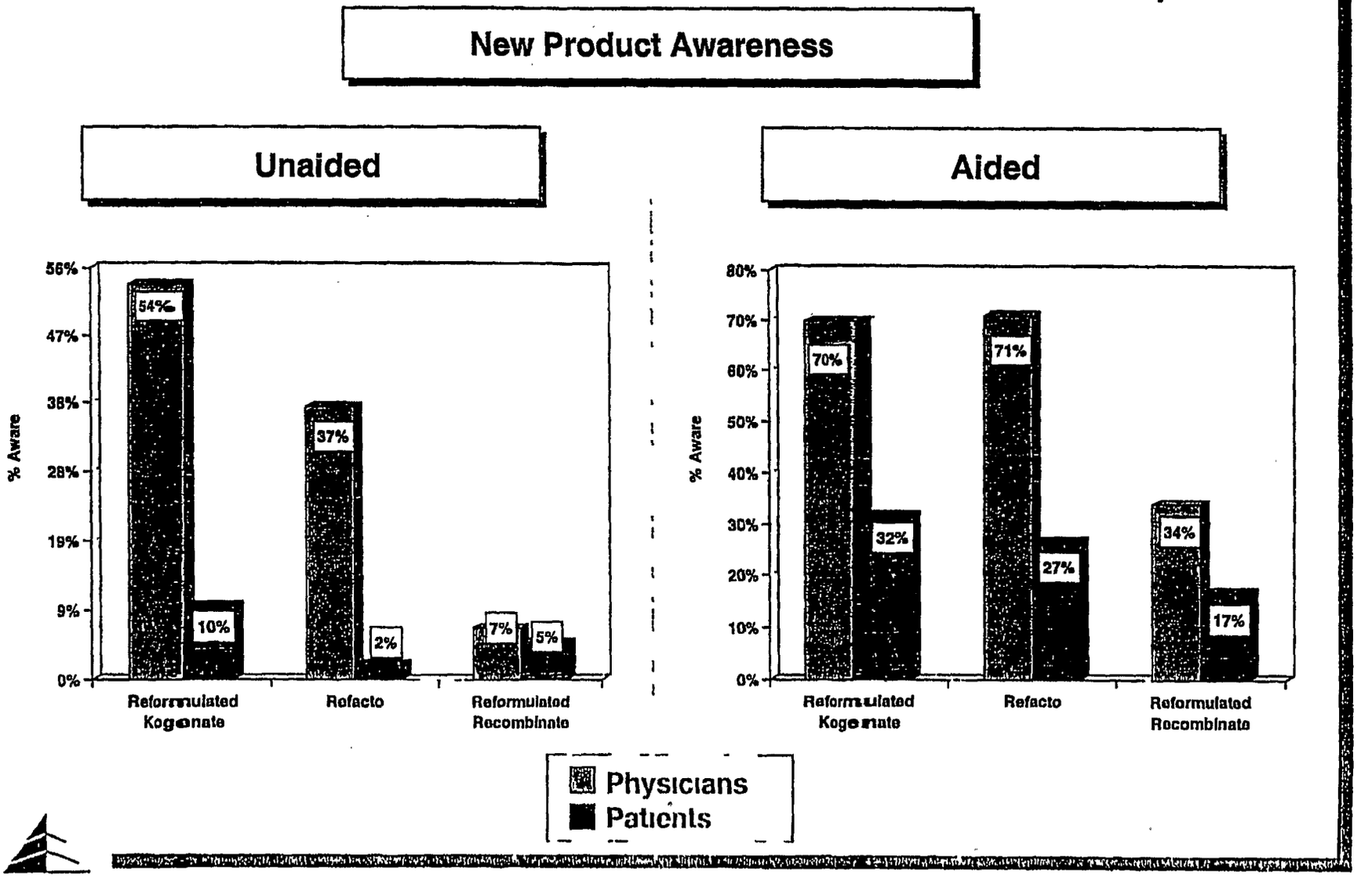
- Danish Patient

"I would prefer higher concentrations so they would take up less space in the refrigerator and would be easier to travel with " - Spanish Patient

MARTEC

Not surprisingly, physicians are much more knowledgeable of new products coming to market than patients. Reformulated Kogenate had the highest share of awareness.

European Final

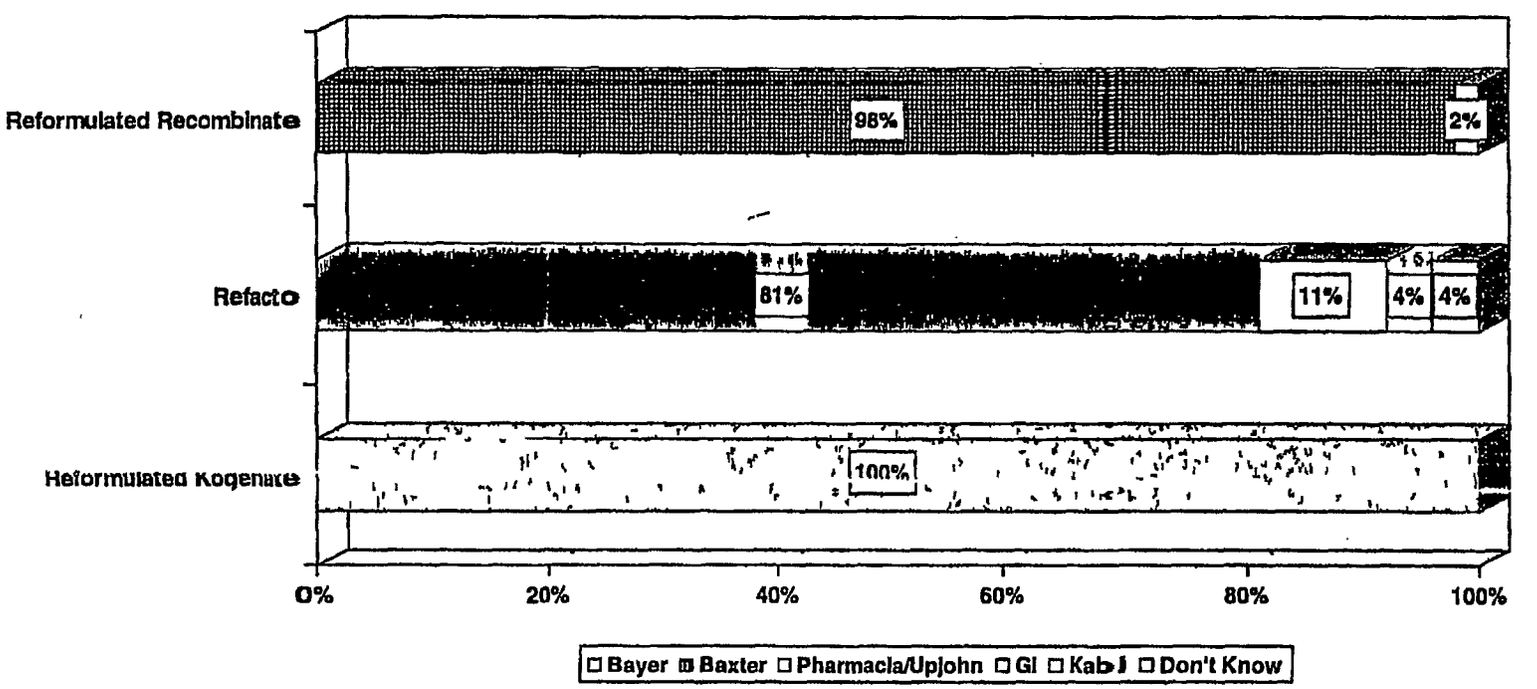


MARTLC

In general, physicians are very well aware of who will manufacture the new products.

European Final

New Product Manufacturer Awareness
- Physicians -



% Respondents Naming the Manufacturer

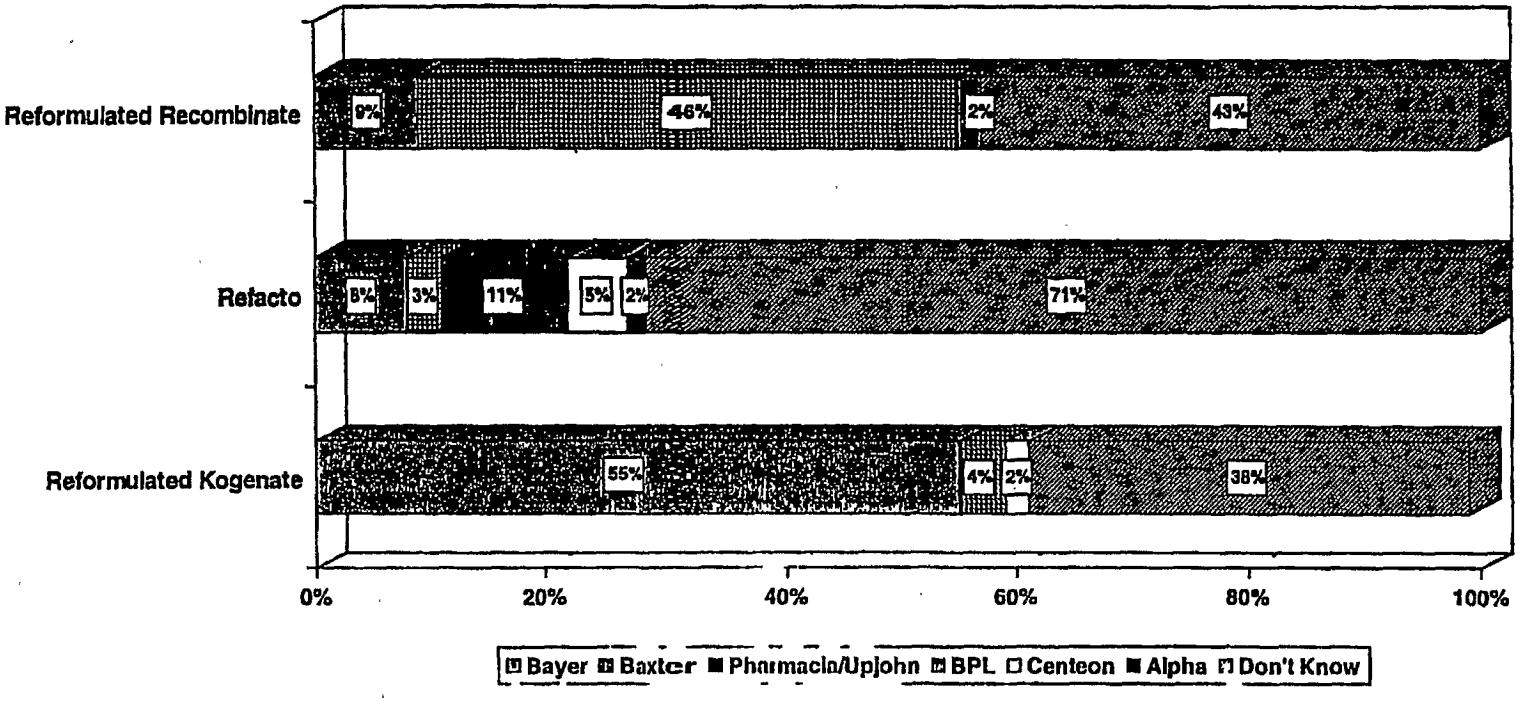
MARTEC

GH000912

European patients are most aware of Bayer as a manufacturer of reformulated products. The most confusion exists with Refacto.

European Final

New Product Manufacturer Awareness – Patients –



% Respondents Naming the Manufacturer

MARTEC

GH000913

Not surprisingly, European physicians know the most about Kogenate II and the least about Recombinate.

European Final

Current Knowledge of New Products - Physician Comments -

Kogenate II

"It will no longer use albumin as a stabilizer, it has been replaced by polysaccharide It just started trials " - German Physician

"It is not stabilized with human albumin, but albumin is still present in the culture medium " - French Physician

Recombinate II

"I was just told by a Baxter representative that is will no longer use albumin as a stabilizer and will have complete Factor VIII molecules " - Italian Physician

"I think Baxter is behind Bayer Bayer talks of a new generation, Baxter does not " - Italian Physician

Refacto

"Contains no human albumin, b-domain deleted and in theory lower in inhibitors " - UK Physician

"They will not use albumin and will have a modified Factor VIII molecule with a higher activity and perhaps a lower risk of inhibitors " - Italian Physician

MARTEC

While not clear on all aspects of the reformulated products, most patients believe that albumin is being reduced or eliminated.

European Final

Current Knowledge of New Products
- Patient Comments -

Kogenate II

"It will not use human albumin as a stabilizer, but sugar as a substitute "
- German Patient

"It contains no human albumin." - French Patient

Recombinate II

"I think it will be the same as the next generation Kogenate."
- UK Patient

"I think they will still use human albumin " - Italian Patient

Refacto

"They use a modified Factor VIII molecule and no animal proteins or human albumin "
- German Patient

"It is a better product than generation one recombinants Overall, I hear it is well tolerated by patients " - German Patient

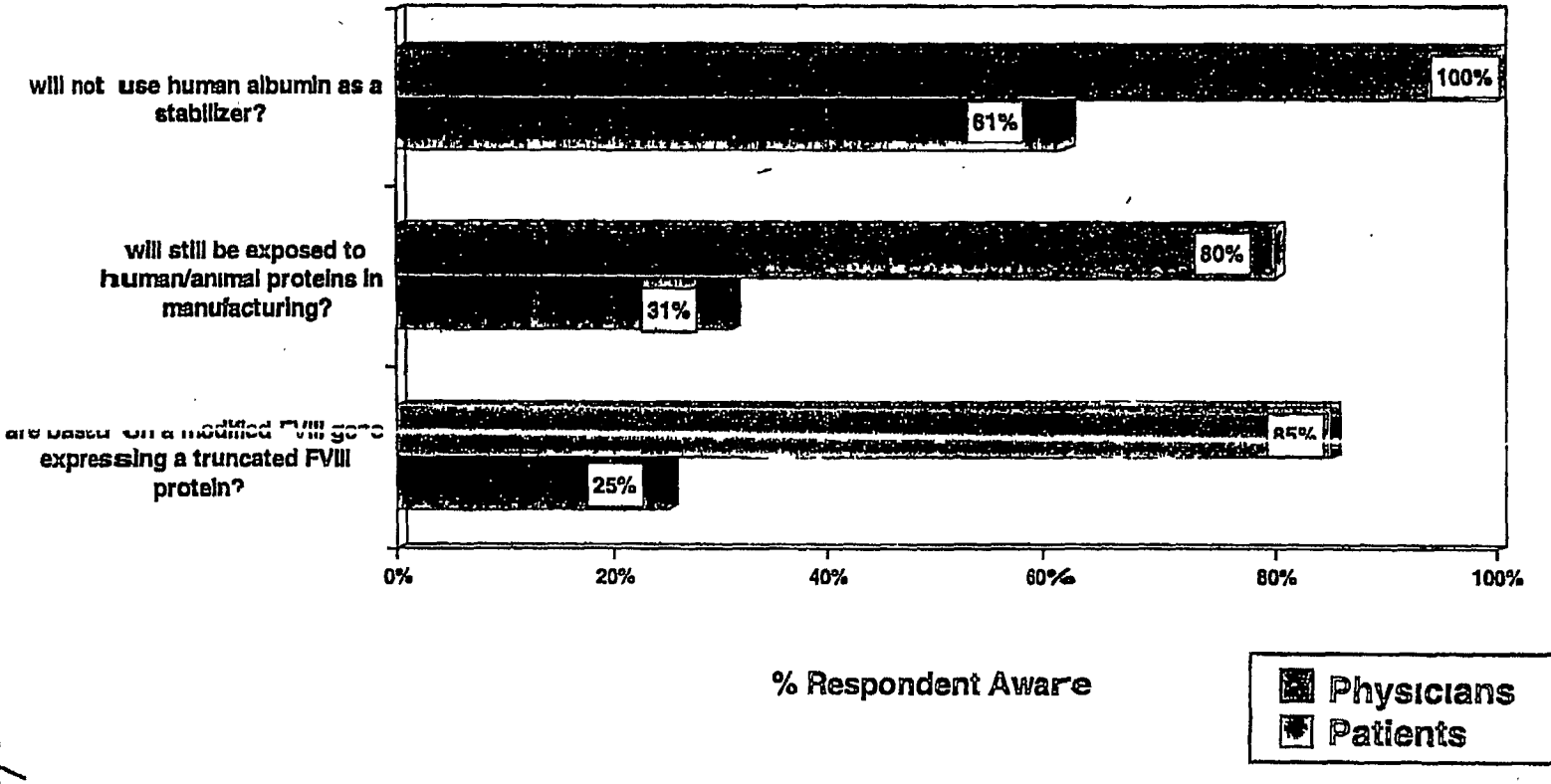
MARTEC

Nearly all European physicians claim to be aware of the composition of the newly reformulated products. Patients, for the most part, only knew that human albumin would not be used as a stabilizer.

European Final

New Product Awareness
- Patients -

Are you aware that certain reformulated recombinant Factor VIII concentrates . . .

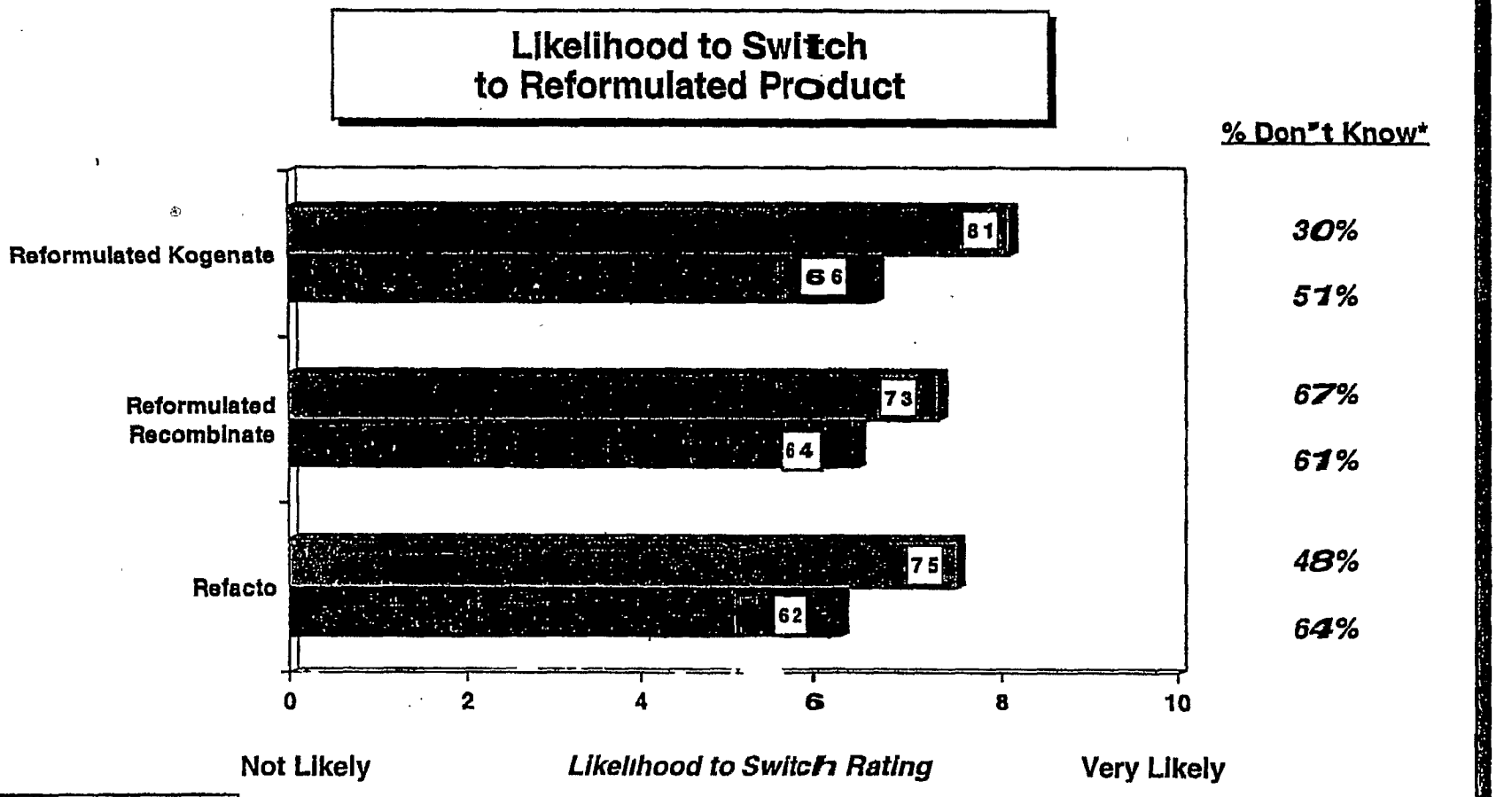


MARTEC

GH000916

The high percentage of "don't knows" indicates a need for more information before switching. But, the greater the knowledge the more likely they will switch, as revealed by reformulated Kogenate's ratings.

European Final

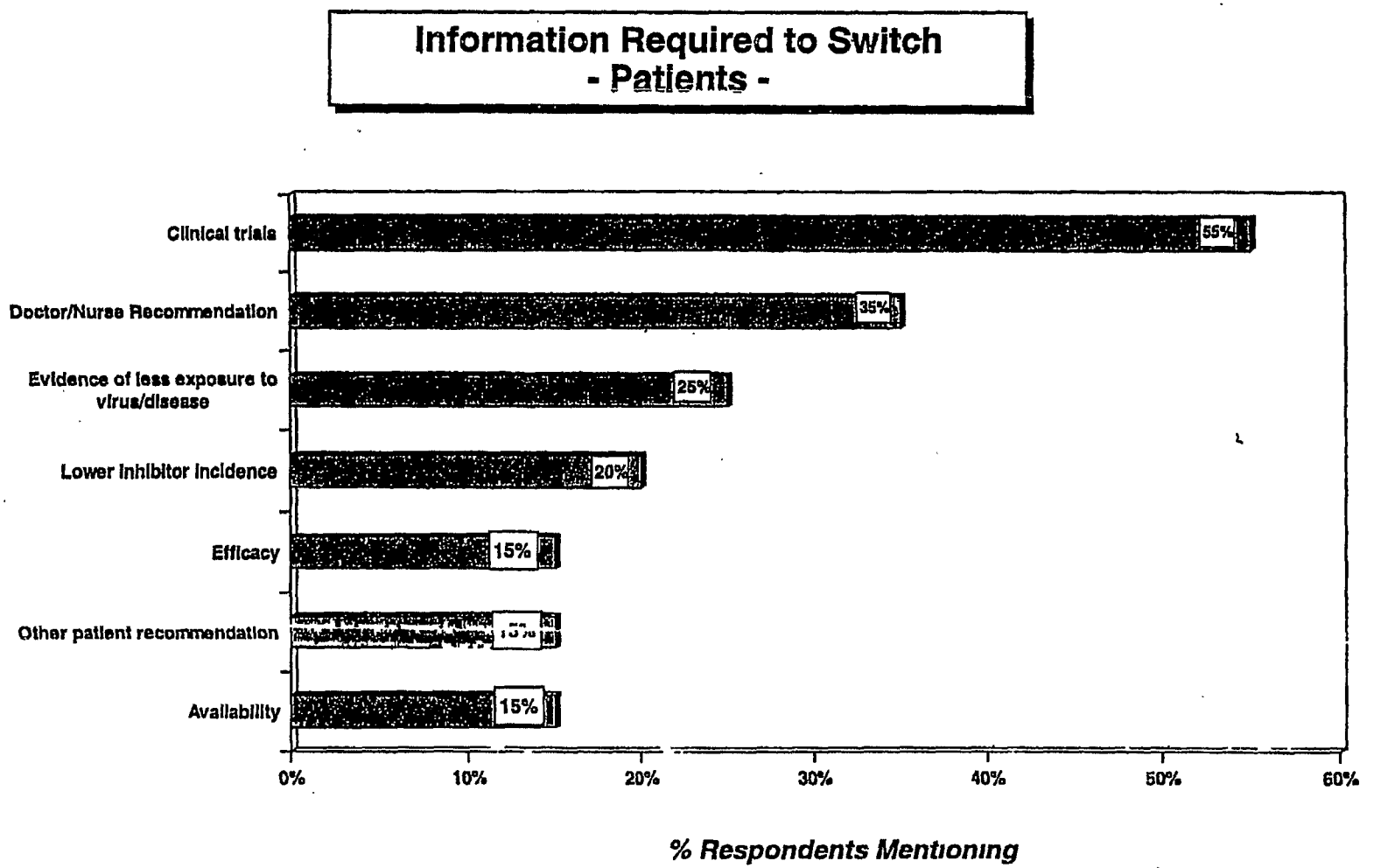


* *Clinical trial results and a product with less/no human albumin are needed before physicians will recommend switching*

MARTEC

European patients need to see clinical trial results and have doctor/nurse recommendations prior to switching to a refomulated product.

European Final



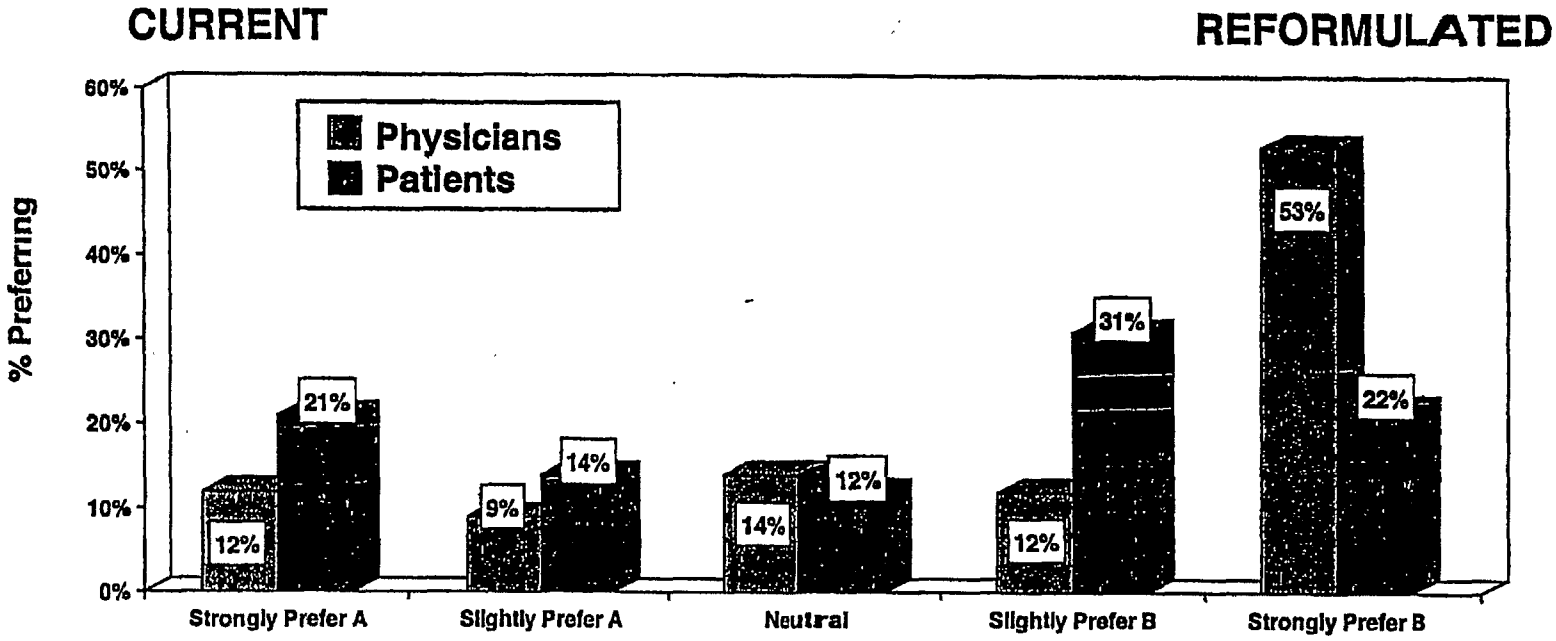
MARTEC

GH000918

Physicians show a strong preference and patients show a slight preference for a reformulated Factor VIII concentrate from a current maker; even one that has been on the market for only six months.

European Final

Product Trade-off
- Current vs. Reformulated -
Manufacturer and price are equal



Product A	A current recombinant Factor VIII concentrate that has been on the market for six years
Product B	A reformulated recombinant Factor VIII concentrate that has been on the market for six months
Comments	Both are manufactured by the same company and cost the same

MARTEC

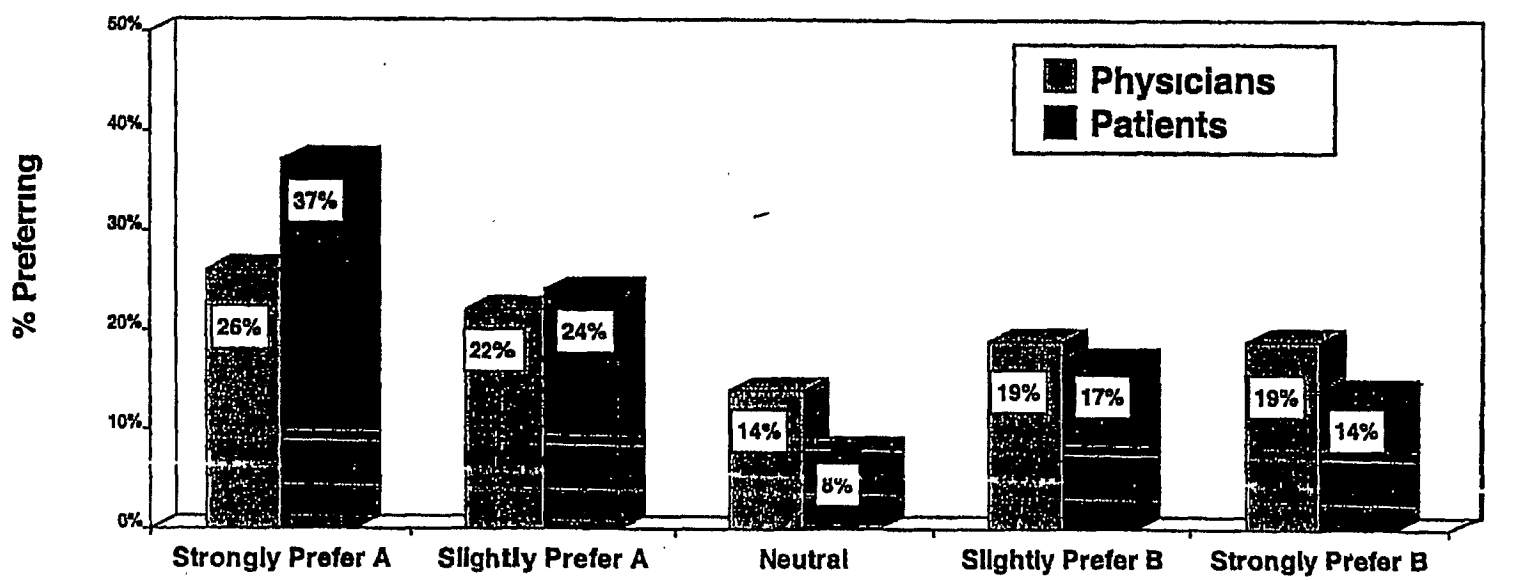
Over 60% of patients demonstrate a preference for a current product from an existing manufacturer over a reformulated product from a new manufacturer. The preference is only slight from physicians.

European Final

Product Trade-off
- Current vs. Reformulated -
- Existing vs. New Manufacturer -
Price is equal

CURRENT
ESTABLISHED MFG.

REFORMULATED
NEW MANUFACTURER



Product A: A current recombinant Factor VIII concentrate that has been on the market for six years

Product B A reformulated recombinant Factor VIII concentrate that has been on the market for six months

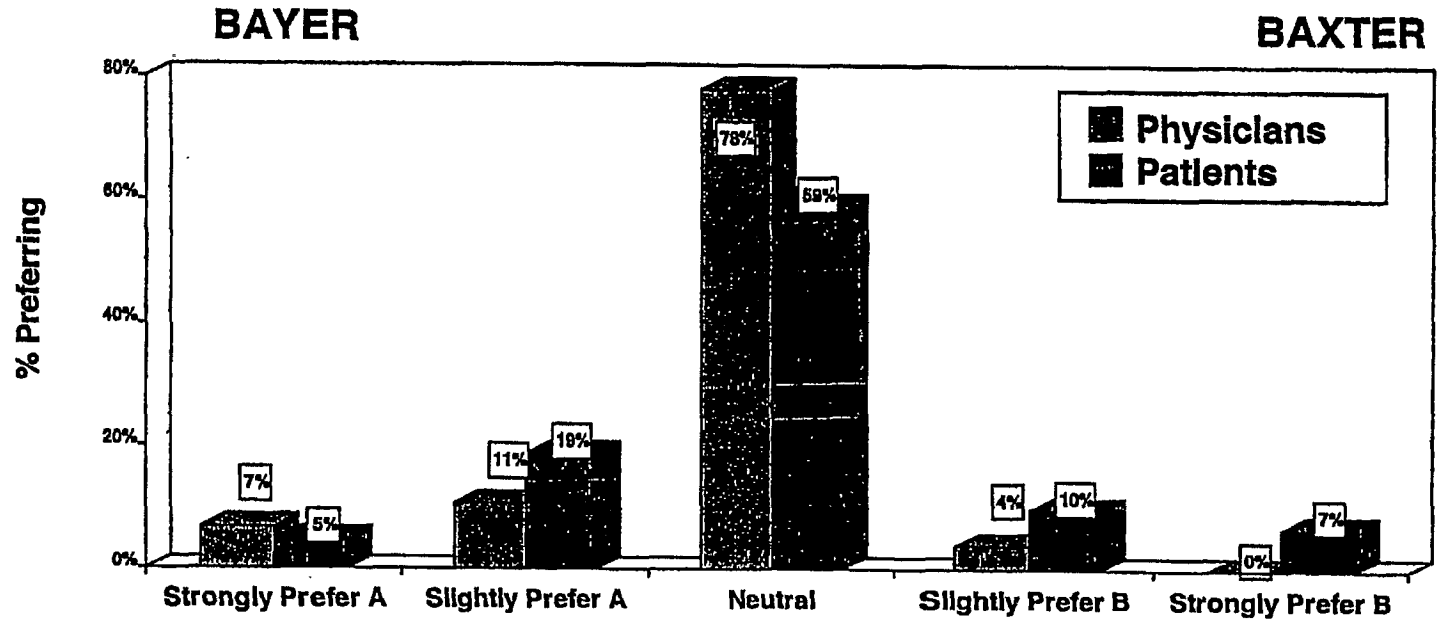
Comments Product A is manufactured by the company that is established as a manufacturer of recombinant Factor VIII concentrates Product B is manufactured by company with no experience with Factor VIII concentrates Both cost the same

MARTEC

Typically, European physicians and patients are neutral in their preference for a reformulated product from Bayer or Baxter.

European Final

Patient Product Trade-off
- Reformulated Bayer vs. Reformulated Baxter -
Price is equal



Product A: A reformulated recombinant concentrate sold by Bayer

Product B A reformulated recombinant concentrate sold by Baxter

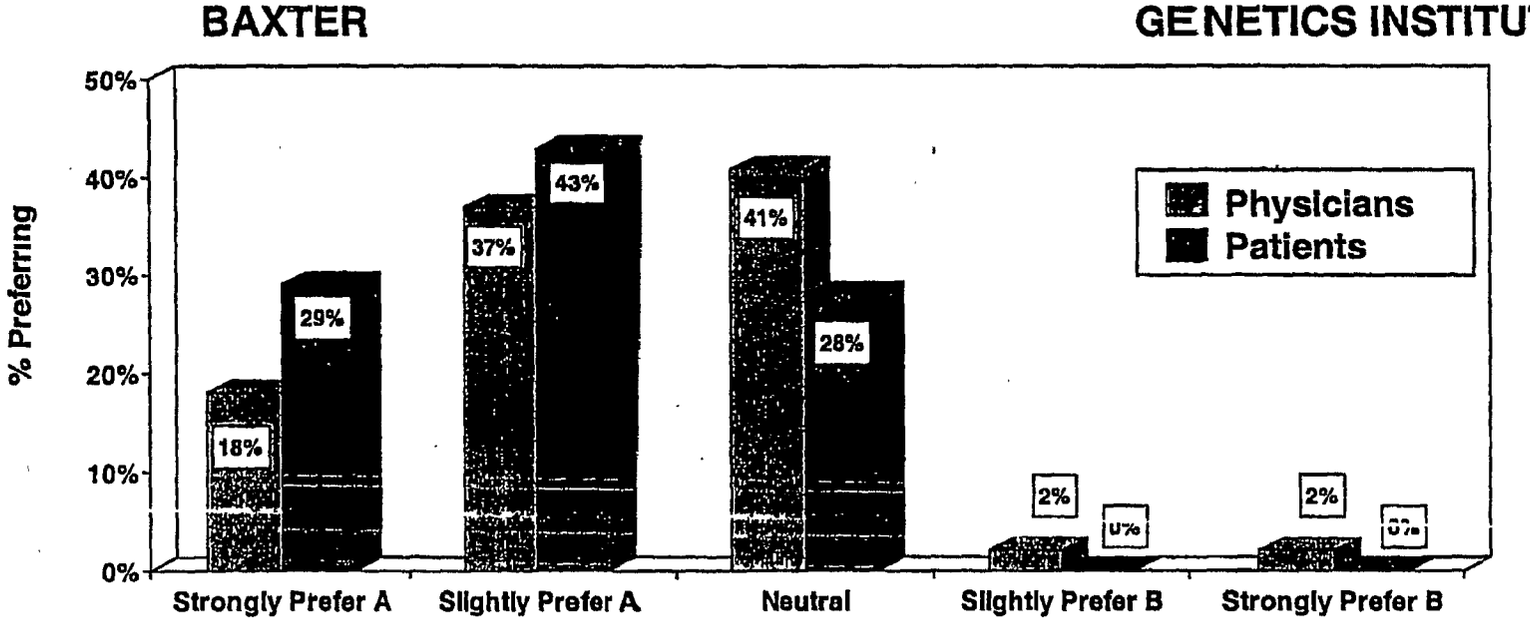
Comments Price is equal

MARTEC

Over 50% of physicians and 72% of patients express a preference for a reformulated product from Baxter over one from a new player to this market like Genetics Institute.

European Final

Product Trade-off
- Reformulated Baxter vs. Reformulated from New -
Price is equal



Product A. A reformulated recombinant concentrate sold by Baxter

Product B: A reformulated recombinant concentrate sold by a new player to this market, such as Genetics Institute

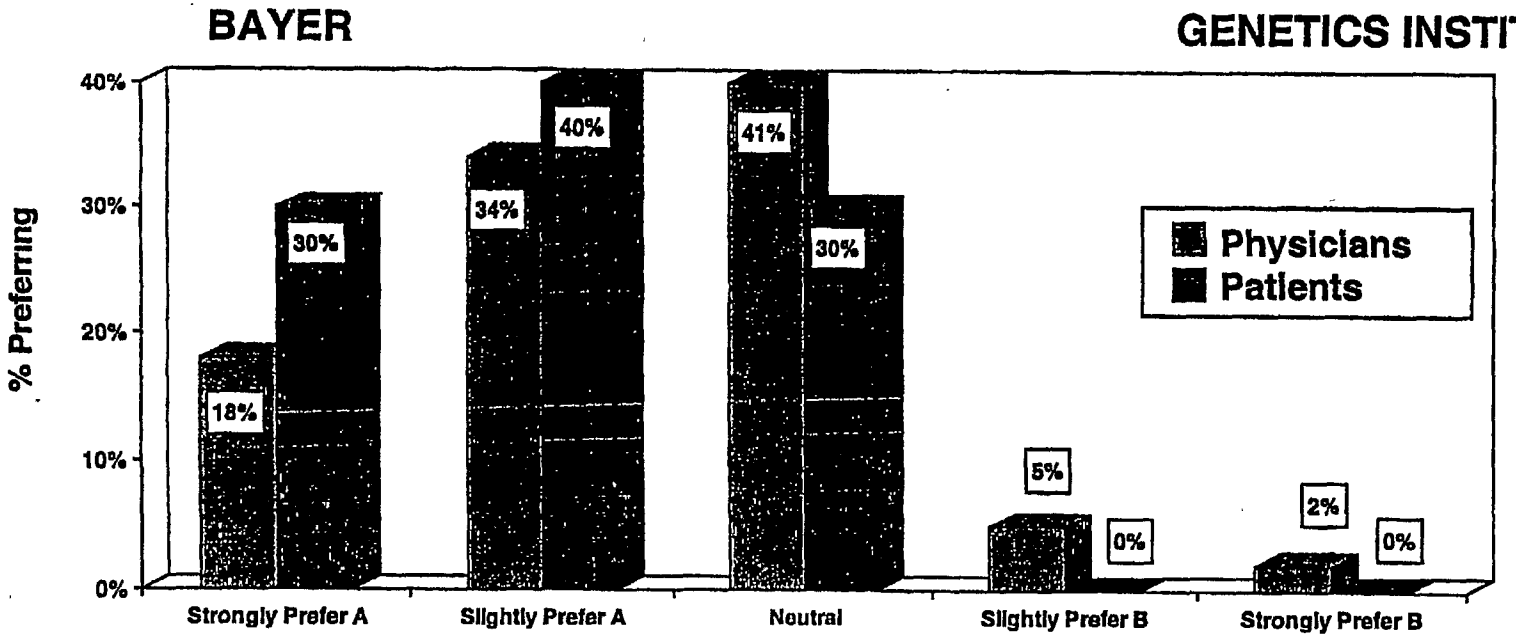
Comments. Price is equal

MARTEC

As is the case with Baxter, most respondents express a preference for a reformulated product from Bayer over one from a new player to this market like Genetics Institute.

European Final

Product Trade-off
- Reformulated from Bayer vs. Reformulated from New -
Price is equal



Product A. A reformulated recombinant concentrate sold by Bayer

Product B· A reformulated recombinant concentrate sold by a new player to this market, such as Genetics Institute

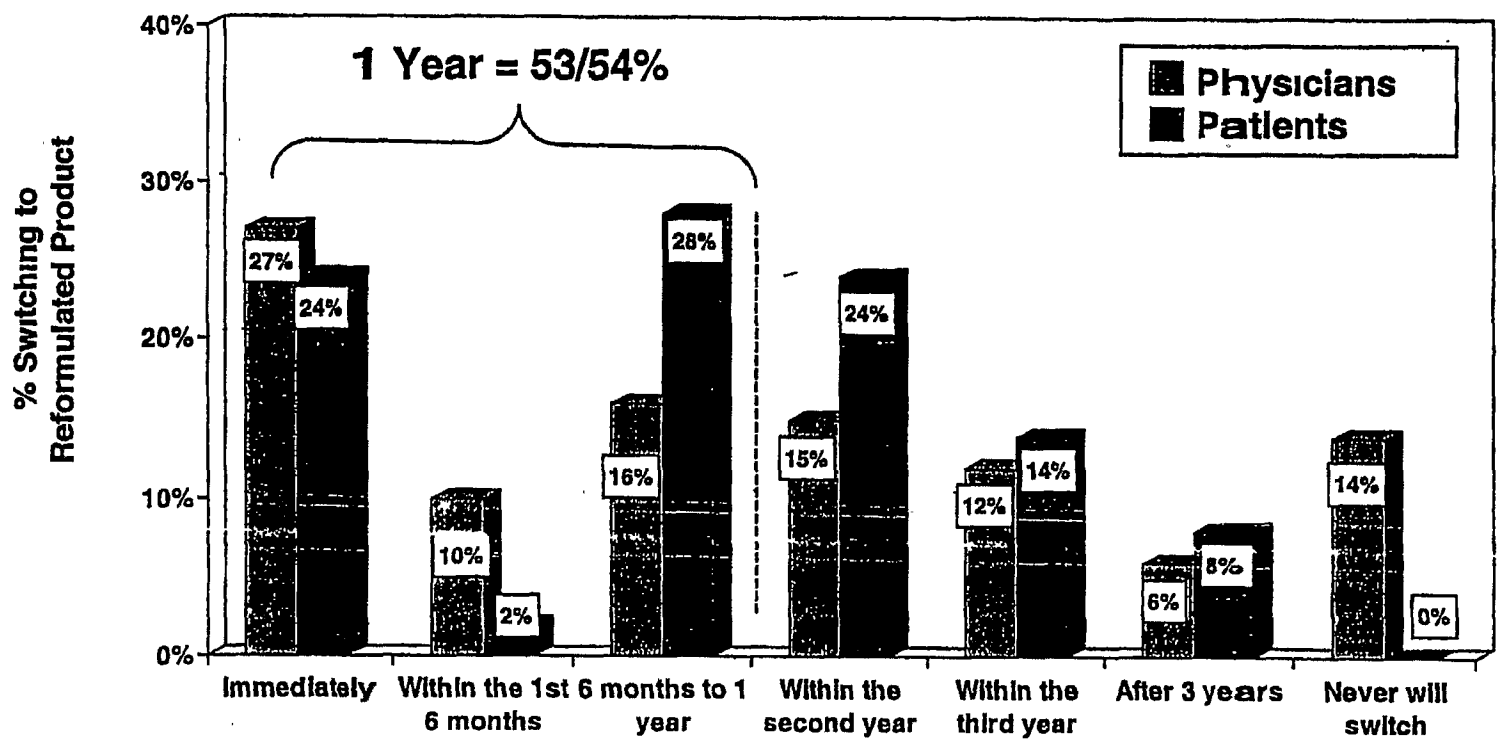
Comments Price is equal

MARTEC

Both European physicians and patients indicate that over 50% of patients will switch to a reformulated product within the first year of its market introduction.

European Final

Switching Timing

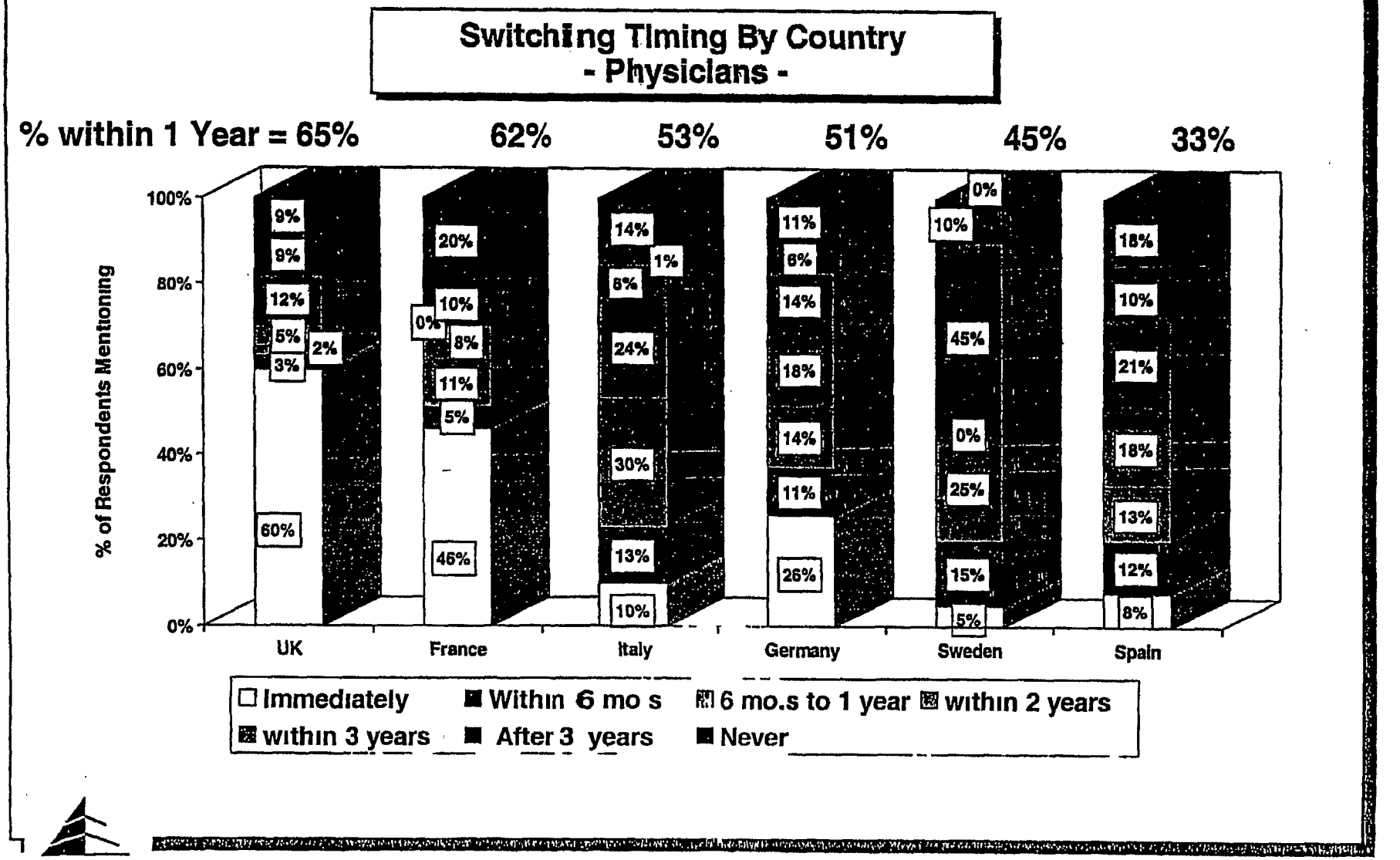


MARTEC

GH000924

Spanish and Swedish physicians believe less of their patients will switch after one year than physicians in other countries. French and UK physicians believe more of their patients will switch immediately.

European Final

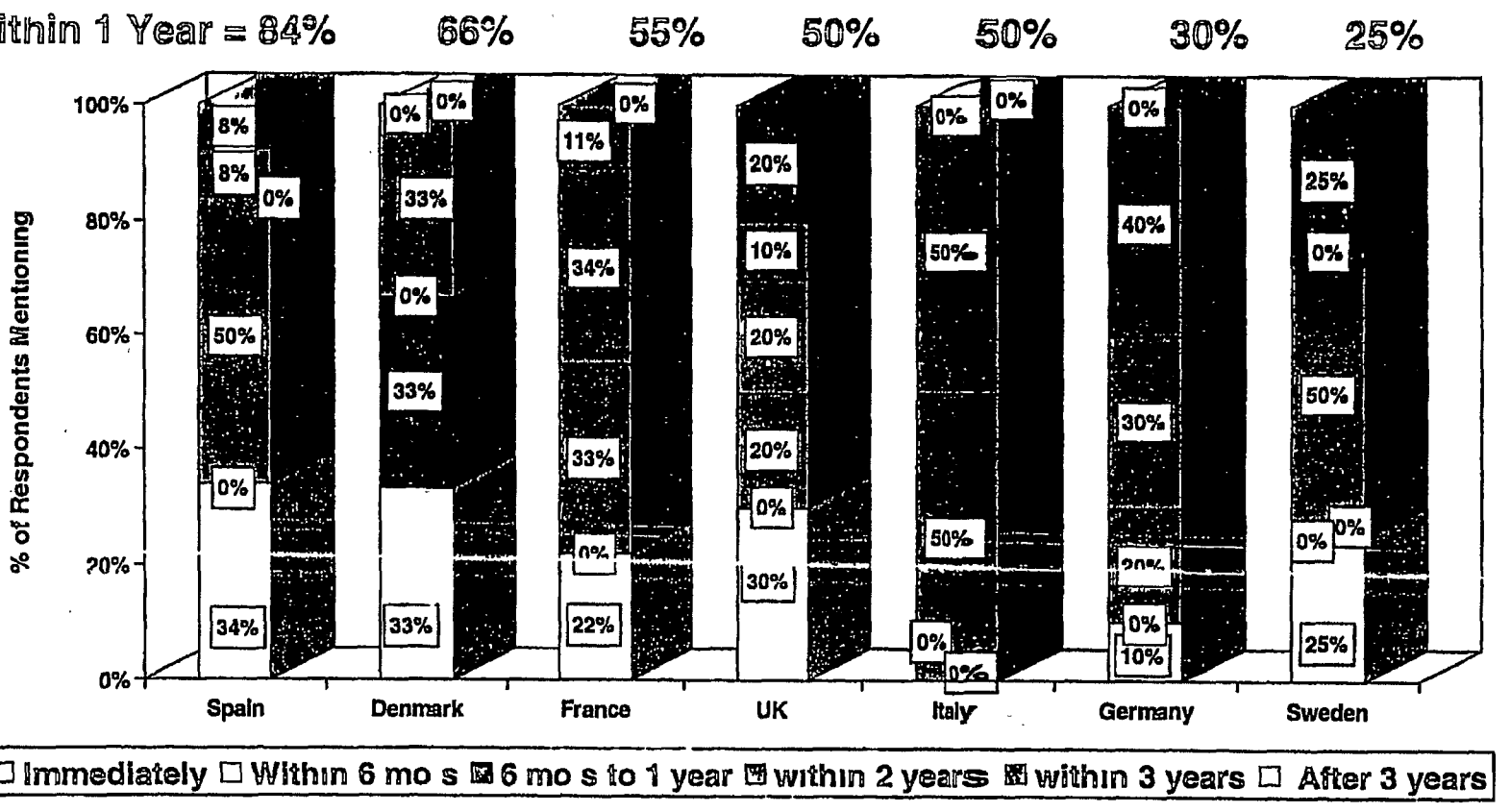


MARTEC

Contrary to Spanish doctors' opinions, more Spanish patients than in any other country expect to switch to the reformulated recombinant concentrates by the end of year.

European Final

Switching Timing By Country
- Patients -

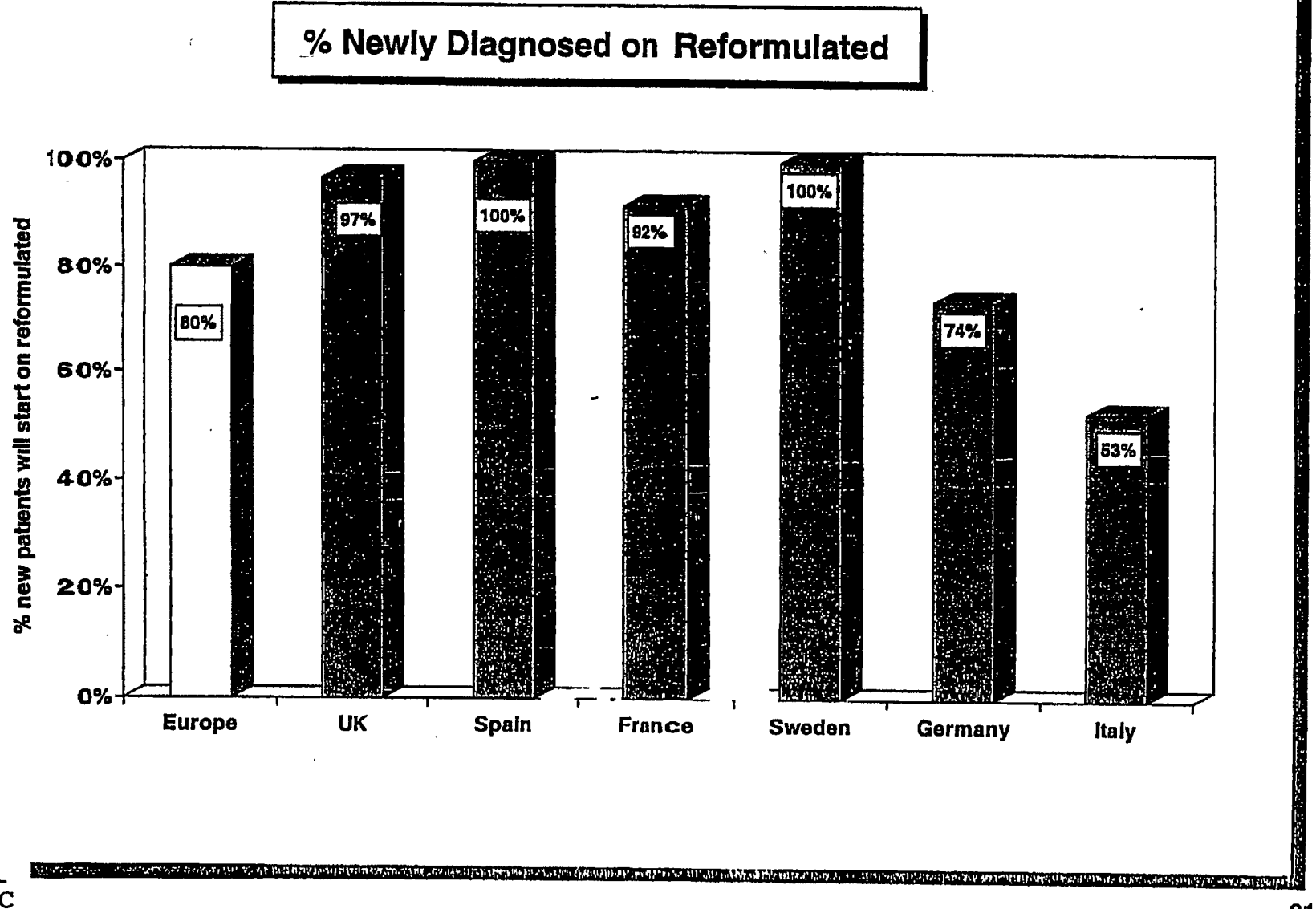


MARTEC

GH000926

Findings indicate that physicians in Germany and Italy are less likely to start their newly diagnosed patients on a reformulated Factor VIII product once it becomes available.

European Final

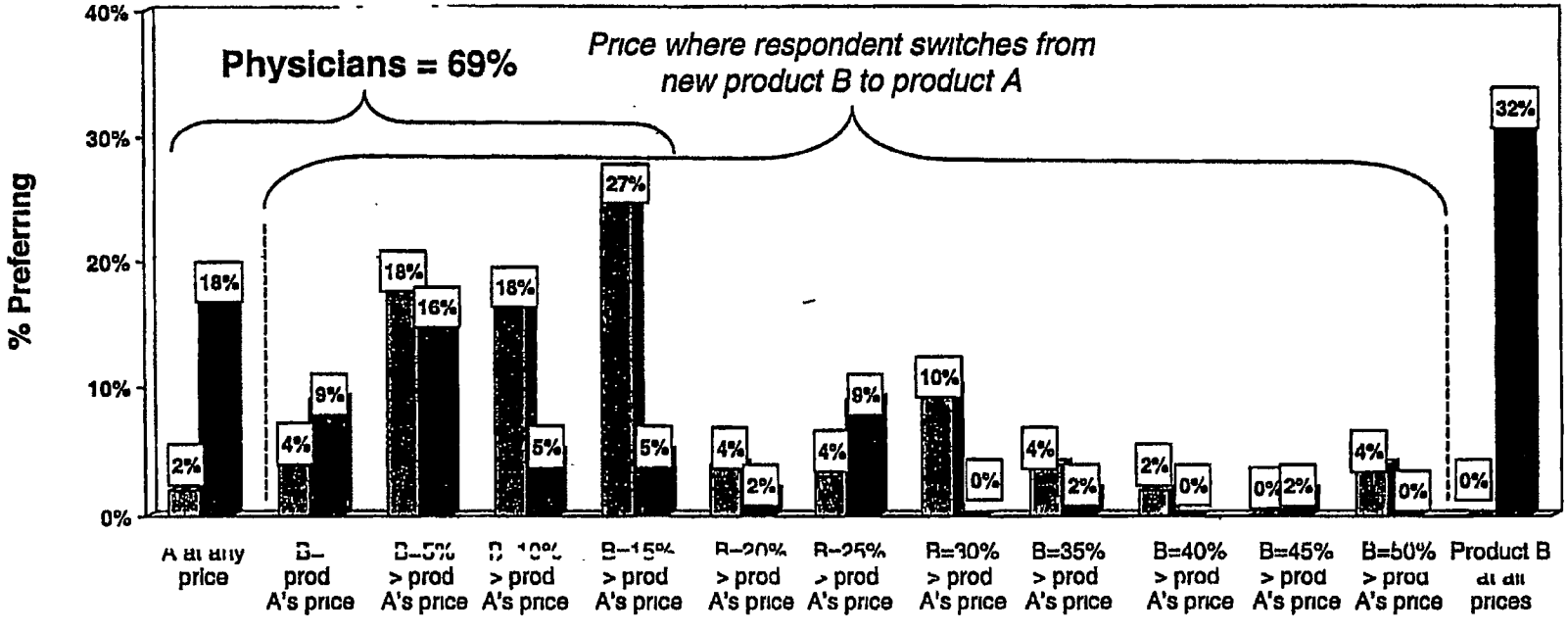


MARTEC

Nearly 70% of physicians will choose product A if the price premium for B exceeds 15%. Fifty percent of patients show no price sensitivity as they choose either product A or B regardless of price.

European Final

Pricing Sensitivity



Product A A current recombinant product

Product B A reformulated recombinant product

Comments Brand is the same Product A = today's price/unit Price of Product B increase at 5% intervals from below A's price to more than 150% of A's price

MARTEC

GH000928

With few exceptions, patients are more emotional in their arguments for increased safety regardless of price.

Pricing Sensitivity Comments

Physician Comments

"The absence of albumin is not a reason to justify the increase of an already too high price "
- Italian Physician

"If price is too high, problems with financing will surely occur "
- UK Physician

Patient Comments

"Price is absolutely unimportant! Only product safety and efficiency matter "
- German Patient

"I want the safest product for my child, no matter what the cost "
- Italian Patient

Regional Exceptions

Italian and Spanish patients are more price sensitive *"There is already a problem for NIH to allow switch from monoclonal to recombinant Price must be equal to or less than current recombinant products"*
- Spanish Patient

French physicians are the least price sensitive *"The decision is based purely on medical criteria, it is not a question of price "*
- French Physician

MARTEC

Agenda

- Objectives and Methodology
- U.S Findings
- European Findings
- **Summary of Findings**
- Conclusions and Recommendations

MARTEC

This summary of findings is based upon the 140 Phase I and II U.S. interviews.

U.S. Summary

Current Product Environment Findings

1. Baxter's Recombinate is the most used recombinant FVIII replacement in the U S
2. 75% of patients in this study have switched products at least one time
3. The promise of a safer product via less exposure to human protein was the number one reason for previous switching, physicians provided the greatest influence in a patient's switching decision
4. Viral safety is clearly the most important element of safety, as expressed by less exposure to human protein
5. Recombinant products are viewed as much safer than plasma derived products
6. Baxter is viewed as the most established manufacturer and the one patients feel most comfortable with as a supplier
7. Genetics Institute rated as high as Baxter in terms of reputation, even among Recombinate users
8. Recombinate users demonstrate a high level of brand/manufacturer loyalty, much higher than Kogenate users
9. Patients rated Recombinate over Kogenate in 1 of 4 Key Switching Criteria Inhibitor Incidence
10. Professionals view all recombinant products equally in terms of performance
11. A greater range and availability of vile sizes and potency strengths is desired by patients

MARTEC

Key U.S. Findings (continued)

U.S. Summary

New Product Knowledge & Perception Findings

1 Refacto is the new product with the highest share of awareness in the U S and the product that more respondents knew about

2 Fifty-four percent of patients and 82% of physicians claim to know that human albumin will be removed as a stabilizer for the second generation recombinant products

- Nearly two-thirds of respondents claimed to know that human/animal protein will be used in manufacturing process of the new products
- Patients (31%) and physicians (52%) had the least knowledge of the use of a modified gene

3 Due to the removal of human albumin as a stabilizer, second generation recombinant products are expected to be safer than the current recombinant products

Pricing Findings

1. Price was mentioned unaided by 25% of respondents as a key switching criteria
2 Pricing is not clearly understood by the market, however, the general feeling is that the current pricing of recombinant products is very high
3 Seventy percent of patients are highly concerned about lifetime insurance caps, the younger the patient the greater the concern
4 Patients are not price sensitive, they will choose the product they want, regardless of price
5 Physicians are price sensitive Nearly 80% will not choose the reformulated product if it is priced more than 15% over the current recombinant FVIII concentrates

MARTEC

Key U.S. Findings (continued)

Reformulated Switching & Pricing Findings

1 Many physicians and patients could not determine their likelihood to switch without clinical trials proving lower exposure to viral contamination

2 Patients show a slight preference for an existing product on the market for 6 years over a reformulated one on the market for 6 months, given the same price and manufacturer

3 Physicians and patients both strongly prefer a current product from an established manufacturer over a reformulated one from a new player

4 Professionals show no real preference for a reformulated product sold by Bayer over a reformulated one sold by Baxter

5 Recombinate users strongly prefer a reformulated product from Baxter over one from Bayer, Kogenate users are much less loyal to Bayer

6 Physicians and patients show a preference for a reformulated product sold by Baxter or Bayer over a reformulated one sold by a new player to the market like Genetics Institute

7 Approximately 50% of Recombinate users and 80% of Kogenate users will switch within one year of a reformulated product's introduction, older patients are more likely to switch immediately

8. Nearly 90% of physicians claim they will start their newly diagnosed patients on reformulated products once they are introduced

The summary of these findings is based upon the 150 Phase I and II European interviews.

European Summary

Current Product Environment Findings

1 European patients rely heavily on physicians in making their product decisions

2 Recombinant FVIII concentrates are the most used type of FVIII replacement However, in the UK and Italy, patients in our sample used more plasma derived products

3 Over 90% of patients in our sample have switched products at least one time

4 Viral safety is clearly the most important element of safety This is followed by 2) less/no human protein and3) inhibitor incidence

5 Recombinant products are viewed as much safer than plasma derived products and receive higher satisfaction ratings

6 Baxter and Bayer are viewed similarly as the most established manufacturers and the ones patients feel most comfortable with as suppliers

- Pharmacia was not as well known, but was rated high by those who knew them

7 Recombinate outperformed Kogenate in 3 of 4 Key Switching Criteria Availability, Inhibitor Incidence and Long-term Clinical Experience, as rated by patients

- Both were considered equal in the most important criteria, Viral Safety

8 Patients expressed a strong need for an improved reconstitution and syringe system

9 Patients expressed a high level of dissatisfaction over current vile sizes and potency strengths

MARTEC

Key European Findings (continued)

New Product Knowledge & Perception Findings

1 Physicians had a much higher knowledge of the new concentrates being developed than did patients Knowledge of reformulated Kogenate was the highest in both groups

2 Physicians clearly were aware of the manufacturers of the reformulated products Patient knowledge of manufacturers was much lower, particularly as to who makes Refacto

3 Most patients and all physicians knew that human albumin will be removed as a stabilizer for the second generation recombinant products

- Patients had little knowledge that human protein will be used in the new products' manufacturing process
- Patients also had little knowledge of the use of a modified gene

5 Due to the removal of human albumin as a stabilizer, second generation recombinant products are viewed as safer than the current recombinant products

MARTEC

Key European Findings (continued)

European Summary

Reformulated Switching & Pricing Findings

1 Many physicians and patients could not determine their likelihood to switch without clinical trials proving lower exposure to viral contamination, and doctor recommendations in the patients' case

2 The higher the knowledge of the new product, the higher the likelihood to switch to it

3 Physicians (65%) and patients (52%) show a preference for a reformulated product on the market for 6 months over an existing one on the market for 6 years, given the same price and manufacturer

4 Physicians and patients both prefer a current product from an established manufacturer over a reformulated one from a new player

5 Physicians and patients show no real preference for a reformulated product sold by Bayer over a reformulated one sold by Baxter

6 Physicians and patients show a preference for a reformulated product sold by Baxter or Bayer over a reformulated one sold by a new player to the market like Genetics Institute

7 Approximately 25% of patients will switch immediately and over 50% will switch within one year of a reformulated product's introduction

8 Over 80% of physicians claim they will start their newly diagnosed patients on reformulated products once they are introduced Germany and Italy are exceptions at 74% and 53%, respectively

9 Patients are not price sensitive They will choose the product they want, regardless of price

10 Physicians are price sensitive Nearly 70% will not choose the reformulated product if it is priced more than 15% over the current recombinant FVIII concentrates

MARTEC

GH000936

Agenda

- Objectives and Methodology
- U.S. Findings
- European Findings
- Summary of Findings
- **Conclusions and Recommendations**

Key Global Conclusions

Conclusions

1 Viral safety is an emotional issue. It is also the number one safety concern and the primary reason patients switch products

2 Patients have switched in the past and will switch again if they perceive a safety benefit.

3 The current recombinant products are performing well Physicians and patients need to be convinced of the safety benefits before switching to the new products

4 Knowledge of Kogenate SF and Refacto is currently limited in the marketplace

5 Genetics Institute in the U S and Pharmacia in Europe are not widely known, but are well respected by those who are familiar with them

MARTEC

Key Global Conclusions (continued)

Conclusions

6 Physicians' will not tolerate a price premium of greater than 15% for the next generation of recombinant products. Patients, however, are not price sensitive.

7. In the U.S., Genetics Institute's Refacto will provide the greatest threat. This is due to Bayer's poor reputation among the patient population.

8. U.S. Recombinate users express high levels of loyalty towards Baxter and low opinions of Bayer This will help slow the rate of switching between Recombinate and Kogenate SF.

9. In Europe, Bayer's Kogenate SF will provide the greatest threat This is due to the lack of Genetic Institute's distribution network and name recognition

10. With proper action by Baxter, switching risk may be limited to those patients stating they will switch immediately, or within the first 6 months

MARTEC

The findings of this study indicate a large number of drivers that may lead to switching to reformulated recombinant concentrates.

Conclusions

Global Drivers for Switching to Reformulated Recombinants

- Viral safety is a very emotional issue
- Most patients have switched before
- *Improved viral safety* is clearly the top reason to switch
- *Less/No human protein* rated second highest in importance as an element of safety
- *Remaining on a single product* rated lowest as an element of safety
- *Long-term clinical experience* rated low as a key switching attribute
- Physicians and nurses show little differentiation between Baxter and Bayer
- Genetics Institute and Pharmacia are not widely known, but rate high in terms of reputation among those who are familiar with them
- In Europe, patients show low manufacturer and brand awareness
- A high level of knowledge exists about the reformulated products containing no human albumin as a stabilizer
- Low patient knowledge exists of the reformulated products using human albumin in manufacturing and the use of a modified gene
- Patients and physicians indicate that over 50% of patients will switch within one year
- Professionals indicated that 80% to 90% of their newly diagnosed patients will start on the reformulated products
- Patients are not price sensitive
- Patients desire a greater vile size/potency strength choice and smaller packaging
- Patients desire an improved reconstitution/syringe device

MARTEC

However, barriers also exist that may slow or prevent switching.

Conclusions

Global Barriers Against Switching to Reformulated Recombinants

- U.S. Recombinate users express a high level of loyalty to Baxter, Bayer does not see this from U S Kogenate users
- In the U S Baxter is clearly viewed as the most established manufacturer and the one with which patients are most comfortable
- *Stabilized with human albumin* rated in the lower half of safety element importance
- Physicians do not feel the safety increase with the reformulated products will be as great as the difference in plasma-derived and Recombinants
- Patients currently have limited unaided knowledge of reformulated product names
- U S patients are concerned with lifetime insurance caps
- In Europe, patients will generally wait for a physician's recommendation before switching
- Nearly 40% of Europe patients never switched from plasma derived to recombinants.
- Most respondents can not rate their likelihood to switch without seeing many months of clinical data
- Most respondents prefer a current product from an established manufacturer over a new product from a new manufacturer
- Most respondents prefer a new product from an established manufacturer over a new product from a new manufacturer
- Physicians are sensitive to a 15% price premium or greater
- Less Recombinate users plan to switch within one year than do Kogenate users n the U S

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However, Baxter has the ability to influence many of these drivers and barriers to help slow switching.

Conclusions

What Can Baxter Influence/Act Upon?

Drivers

- Little differentiation is seen between Baxter and Bayer among physicians
- Low knowledge exists of the reformulated products using human albumin in the manufacturing process
- Low knowledge exists of the use of a modified gene
- Patients desire a greater vile size/potency strength choice and smaller packaging
- Patients desire an improved reconstitution/syringe device

Barriers

- U S Recombinate users express a high level of loyalty to Baxter
- Baxter is clearly viewed as the most established & comfortable manufacturer in the U S
- Physicians do not feel the safety increase with reformulated products will be as great as the one between plasma-derived and recombinants
- Physicians and patients need months of clinical data before deciding to switch
- Physicians and patients prefer a current product from an established maker over a new product from a new manufacturer
- Physicians are price sensitive
- U S patients are concerned about lifetime insurance caps

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Global Project Recommendations

Recommendations

Baxter can make several marketing moves to slow the acceptance of Kogenate SF and Refacto, perhaps buying more time than the one year window. Specific strategies include :

- Immediately publicize to physicians, nurses and patients that Baxter is coming out with a second generation product . ***get the word out.***
- Use proactive and defensive marketing tactics to control the speed at which Recombinate users switch to competing reformulated products.. ***act on the drivers and barriers that Baxter can influence.***
- Introduce Recombinate II as soon as possible, ideally within one year of the Kogenate SF and Refacto introductions ***shorten the window of exposure.***
- Work vigorously on a third generation product with the goal of being the first to market...***be the R&D leader.***

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Global Recommendations (continued)

Recommendations

Get the Word Out

- Publicize to physicians and patients that Baxter is coming out with a second generation product and educate everyone on Baxter's new product as early as possible

Proactive Marketing Efforts

- continue to promote Baxter as an established manufacturer of FVIII products and the track record of Recombinate
- continue efforts to improve brand identity and develop brand loyalty for Recombinate
- offer a greater selection of vile sizes, potency strengths and smaller packaging
- develop an innovative reconstitution device and syringe for Recombinate

Defensive Marketing Efforts

- educate about the use of human albumin and the use of a modified gene in new products
- raise questions with physicians about the risks of taking patients off of a single product versus the unsubstantiated reward of an incrementally safer product
- raise questions with physicians about the availability of the newly reformulated concentrates
- raise questions of Genetic Institute's competency with Factor VIII concentrates
- make all efforts to delay the introduction of the reformulated products (i e question how Refacto can pass trials in the US using different assays)
- if share is slipping rapidly, price Recombinate 10-15% lower than the reformulated products

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Global Recommendations (continued)

Shorten the Window of Exposure

- Physicians and patients need time to review clinical trials prior to switching to a new product If Baxter can get its product to market within the one year window it can potentially avoid losing a large share of its customers
- Since the second generation products will most likely be viewed as equal, Recombinate II should be accepted as soon as it enters the market since the competing products will have already calmed the fears of this generation of product

First to Market with 3rd Generation

- A totally protein free FVIII concentrate would be seen as a major step-change improvement in safety
- The first company to market with a totally human/animal protein free product should be able to capture a very large percentage of switching patients in a one year time frame
- This would also greatly strengthen the company's reputation and position it as the leader in the Factor VIII replacement market

***

This concludes the presentation.
Thank you very much.

***

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2nd Gen. Re. VIII

IC Findings

Final Report

2nd Generation Recombinant Factor VIII Product Introduction Assessment

Inter-Continental Findings

Baxter Healthcare Corporation

January 17, 2000

MARTEC

Agenda

Objectives and Methodology

Inter-Continental Findings

Inter-Continental Conclusions and Recommendations

MARITZ

The primary goal of this project is to provide Baxter with global market intelligence allowing it to successfully position its recombinant Factor VIII product against competitive next-generation products.

Objectives

The primary objectives of this project are:

- Determine the motivators and drivers of switching behavior What will cause and prevent switching from Recombinate to a competitive product?
- Understand the perceptions of decision makers on the next generation recombinant products (Kogenate SF, Refacto and Helixate NexGen) coming to market and how this differs from the previous findings

Specific project objectives include:

- Estimate likelihood of switching from Recombinate to new recombinant products
- Compare findings to those of the initial 1998 study, where applicable

This report represents the views of this sample and is just one piece of a strategic marketing plan. Baxter must balance this data with its corporate directives and other internal, competitive and legislative intelligence.

This project was conducted globally and consisted of two distinct phases.

Methodology

Global Scope

The project was conducted concurrently in the following four global regions.

North America	Europe	Asia	Inter-Continental
• United States	• Germany	• Japan	• Australia
• Canada	• France		• New Zealand
	• Italy		
	• Spain		
	• United Kingdom		
	• Denmark		
	• Sweden		

This was a blind study, at no time was Baxter mentioned as the sponsor.

Phase I

Phase I was a focused qualitative phase Information was gathered via in-depth one-on-one and telephone interviews This information provided the foundation for the quantitative phase of the research effort

Phase II

This phase was a quantitative effort, with information gathered via telephone interviews The output of this phase is a detailed understanding of the project objectives This information will allow Baxter to develop strategies that maximize its market positioning

MARITZ

A total of 479 interviews were completed for this study.

Methodology

Country	Respondent Group	Phase I Interviews Completed	Phase II Interviews Completed
U S	Patients	4	100
	Physicians/Nurses	7	65
Canada	Physicians	--	9*
Germany	Patients	2	20
	Physicians	1	5**
France	Patients	2	20
	Physicians	1	10
Italy	Patients	2	20
	Physicians	1	10
Spain	Patients	--	10
	Physicians	--	5
United Kingdom	Patients	2	20
	Physicians	1	10
Denmark	Patients	--	10
	Physicians	--	1†
Sweden	Patients	--	10
	Physicians	--	4††
Japan	Patients	3	54×
	Physicians	2	20
Australia	Patients	2	20
	Physicians	1	10
New Zealand	Patients	--	10
	Physicians	--	5
Total		31	448

Notes

** 1 short of target and includes 1 nurse No more physicians agreed to participate*

*** 5 short of target Only 10 physicians were targeted by Baxter and 5 refused New guideline was just introduced by German Hemophilia Society discouraging participation in any unsponsored studies*

† 4 short of target However, only 3 hemophilia physicians exist in Denmark 1 declined, 1 not available

†† 1 short of target No more physicians agreed to participate

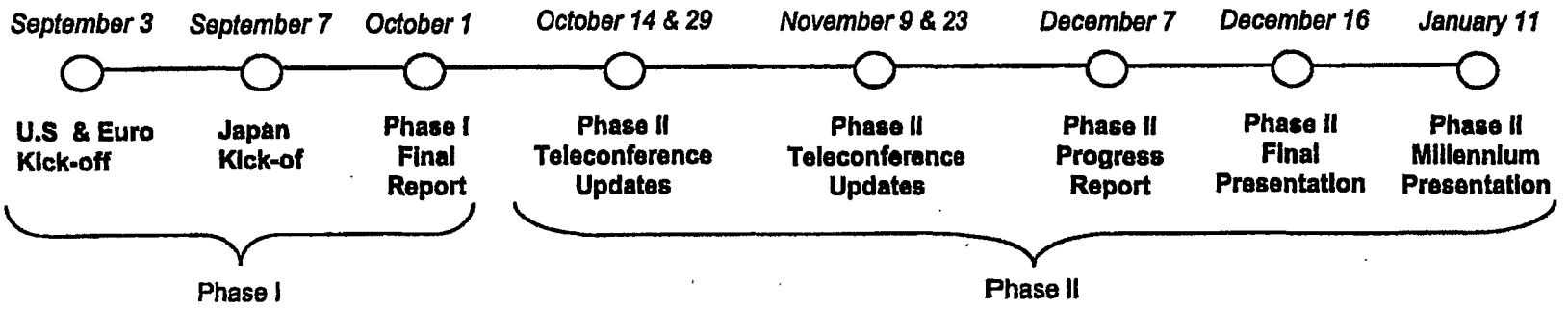
× 6 short of target However, still higher response than expected

In most countries, Baxter provided Martec a list of physicians to target for this study

MARTEC

The project was completed as scheduled.

Project Timeline



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Agenda

- Objectives and Methodology
- **Inter-Continental Findings**
- Inter-Continental Conclusions and Recommendations

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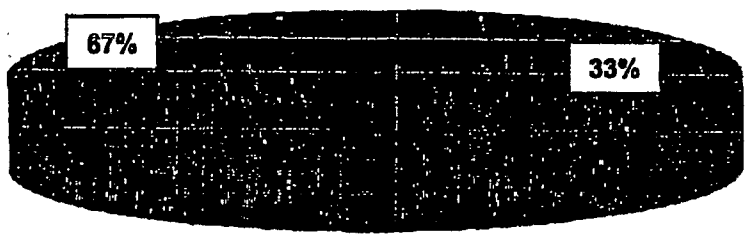
All physician and patient quotas were met in the Inter-Continental (I.C.) countries of Australia and New Zealand.

Inter-Continental Findings

I.C. Respondents
- Phase II -

Physicians
- by Country -



n = 15

Patients
- by Country -

n = 30

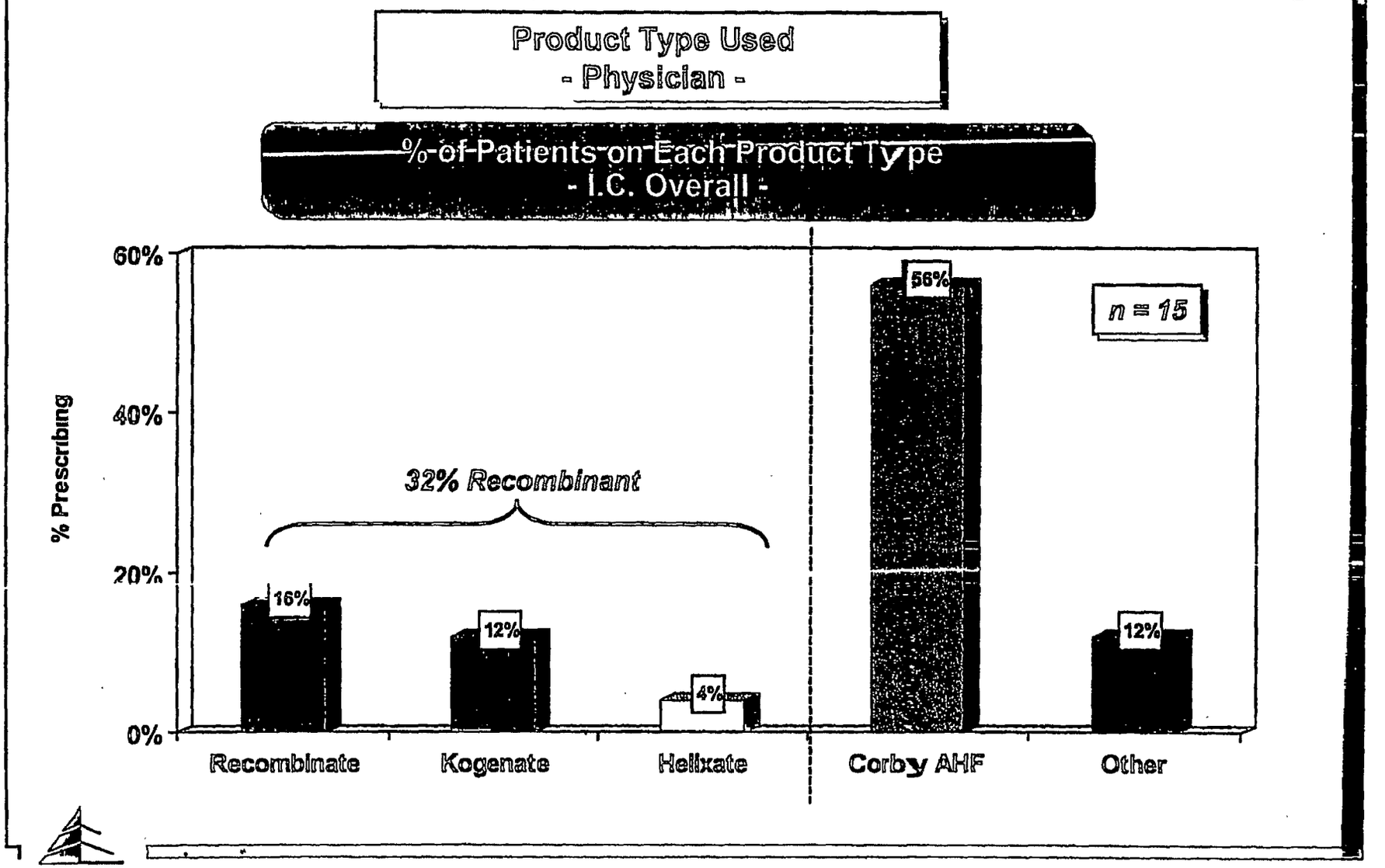
Patients
- by Age -

n = 30

MARITC

Corby AHF is the most common product used by physicians' patients in Australia and New Zealand.

Inter-Continental Findings



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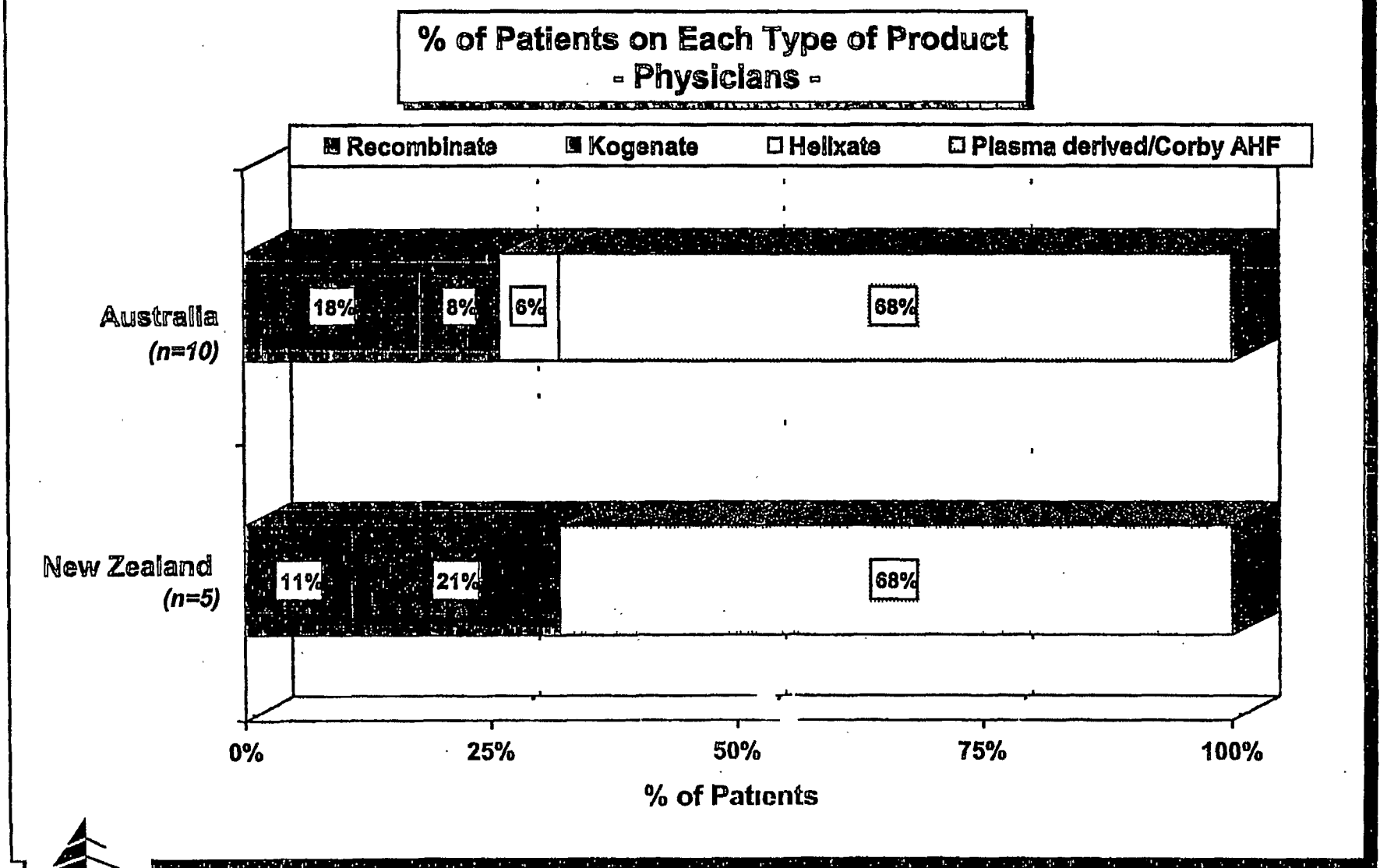
In both Inter-Continental countries, recombinant products are used by 32% of physicians' patients.

Inter-Continental Findings



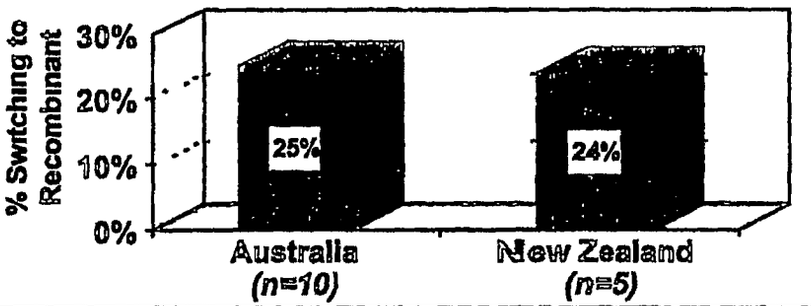
MARKET

On average, only one quarter of I.C. plasma-derived patients have switched to recombinant products. Cost and government policy are the main reason for not switching.

Inter-Continental Findings

% of Physicians' Plasma Derived Patients that Switched to Recombinant

% Switching



Primary Switching Influences

Physician	27%
Government	27%
Hemophilia Society	20%
Patient/family	13%

Primary Reason for Switching

Safer, less exposure to virus	33%
Government edict, all <16	13%
Price	7%
Family/patient request	7%
Availability	7%
Concern of CJD	7%
Hemophilia Society recommendation	7%

Reasons for Not Switching

Cost is too high	53%
Government policy/eligibility *(adults often ineligible)*	47%
Previously exposed to/have Hep C/HIV	33%
Satisfied with current product	13%

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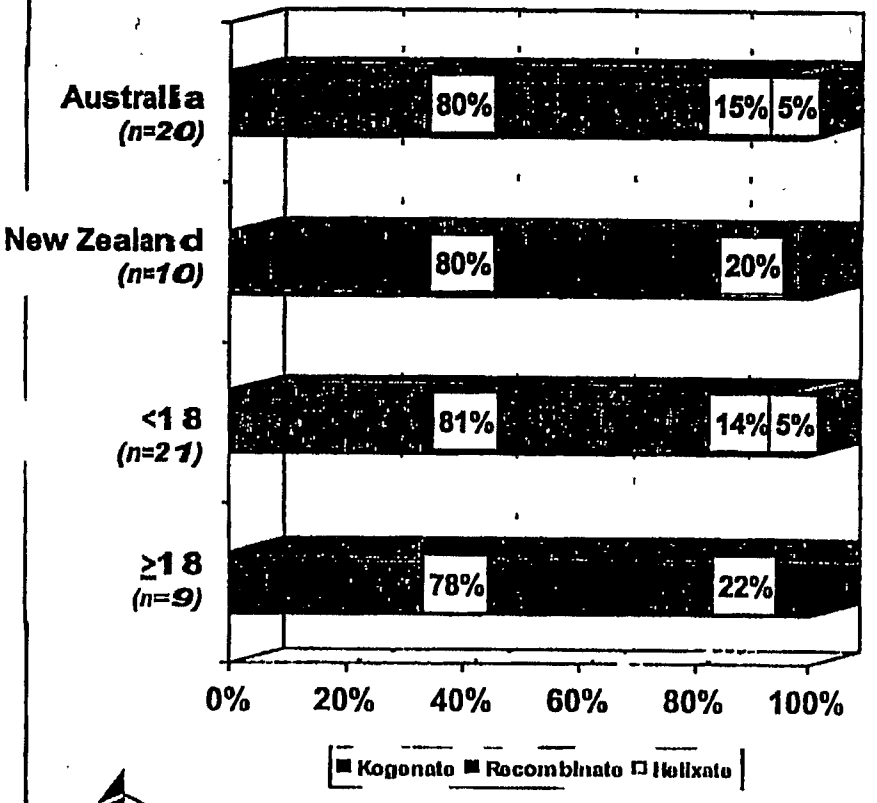
Kogenate is the most common product among each segment of I.C. patients in this sample. Corby AHF is the most common previously used product.

Inter-Continental Findings

Product Usage - Patients -

Current Products



Previous Products

Corby AHF	47%
Recombinate	13%
CSL	10%
Kogenate	7%
Replenate	3%
Human plasma	3%

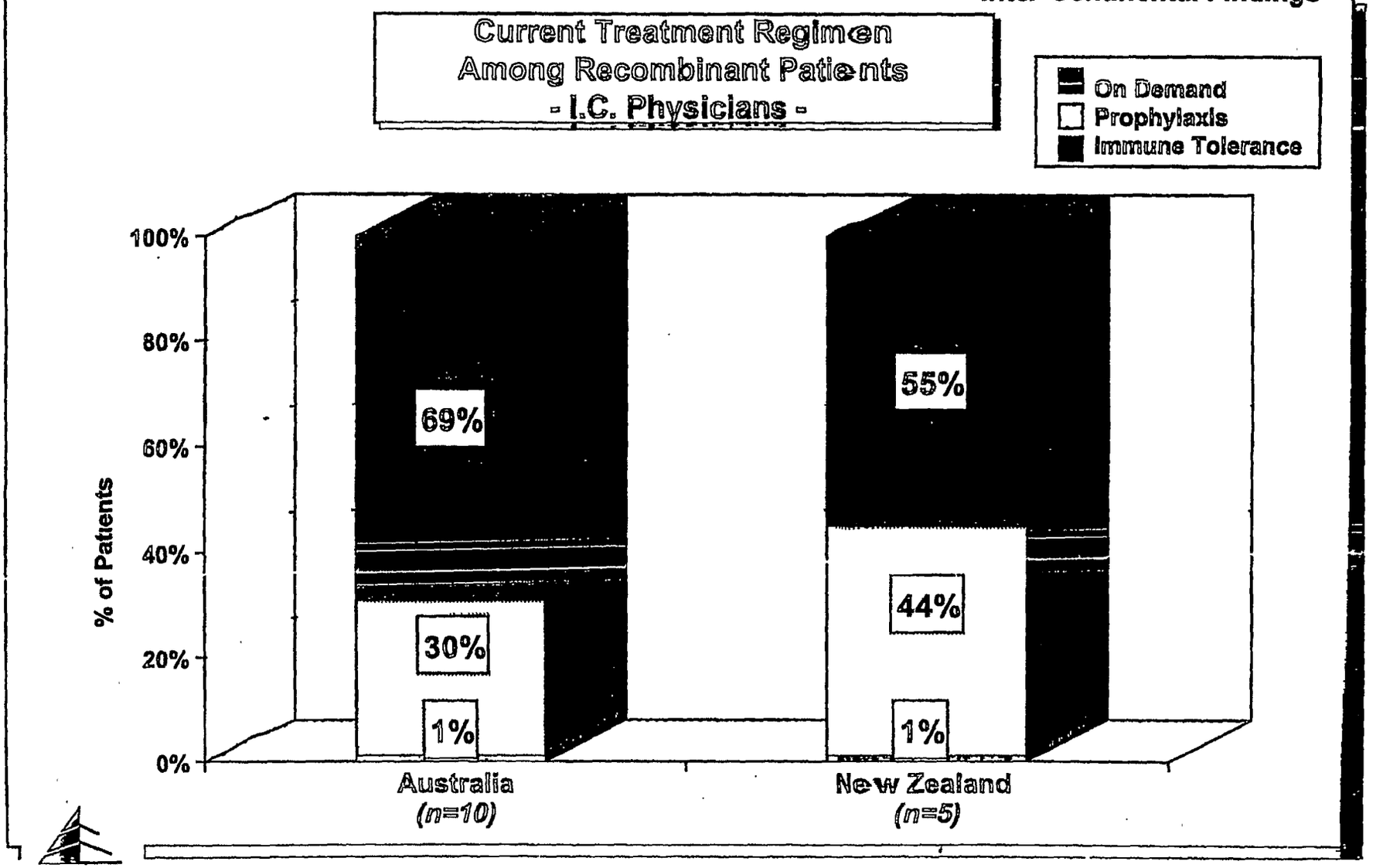
Reported no switching

- *Ages < 18 (n=21)* — *24%*
- *Ages ≥ 18 (n=9)* — *0%*

MARKET

Prophylaxis treatment appears to be more common among New Zealand physicians' recombinant patients.

Inter-Continental Findings



MARTEC

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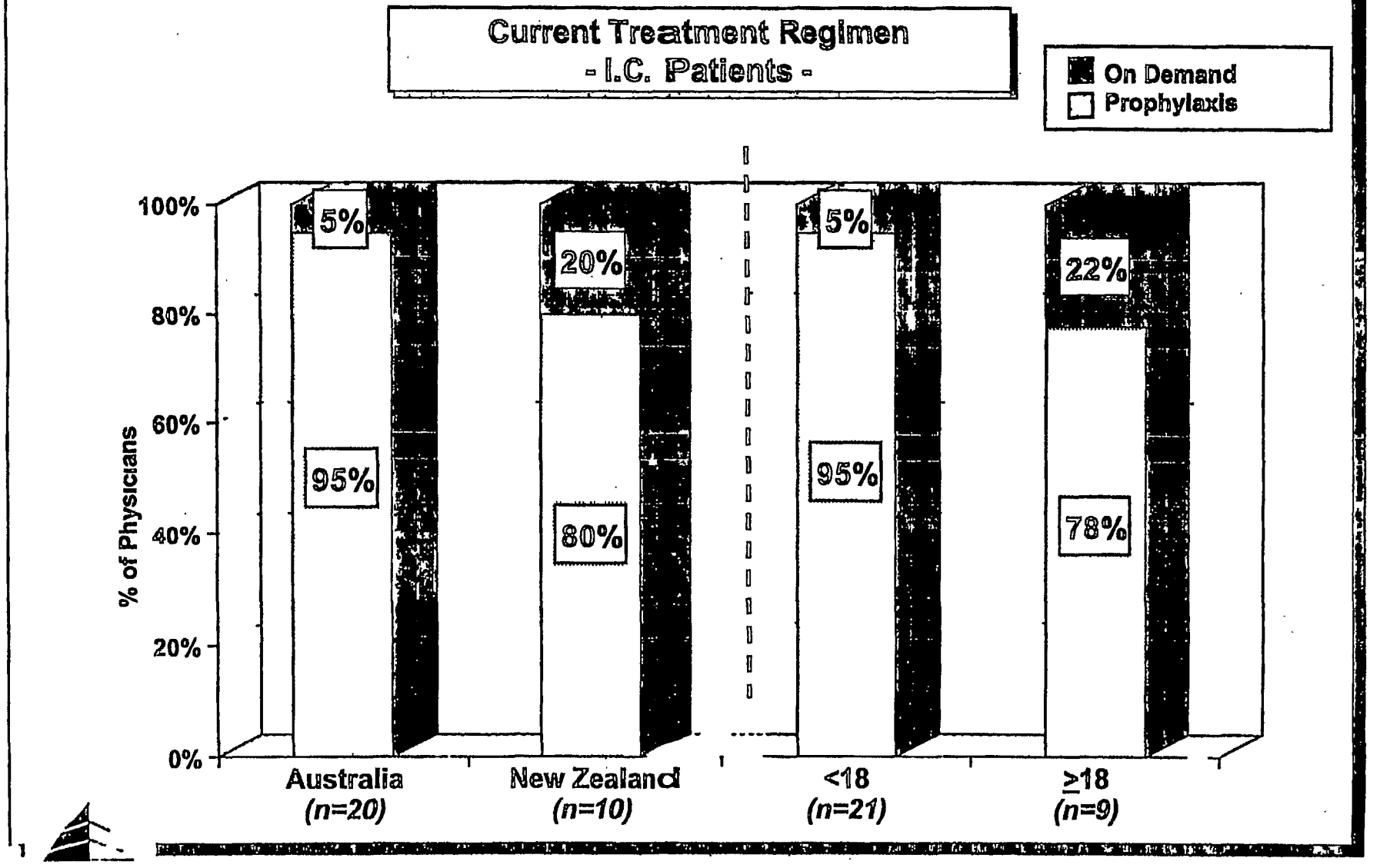
Prophylaxis is the common method of treatment among this recombinant user sample in Australia and New Zealand. This is likely skewed due a sample consisting of recombinant users mostly under 18 years old.

Inter-Continental Findings



MARTIC

Less Viral Risk, Ease of Use and *Ease of Mixing* are current likes of physicians.

Inter-Continental Findings

Current Recombinant Product "Likes"
- I.C. Physicians -

Australia

Less viral risk	***80%***
Less exposure to human protein	50%
Improved efficacy	20%
Very pure product	10%

n=10

New Zealand

Easy to use	***60%***
Ease of mixing/Readily soluble	***60%***
Improved efficacy	40%
Less viral risk	***20%***
Less adverse events	20%
Less exposure to human protein	20%
More concentrated/higher potency	20%
Good history/track record	20%

n=5

MARTEC

I.C. patients mentioned several likes with their current products.

Inter-Continental Findings

Current Recombinant Product "Likes"
- I.C. Patients -

Australia		New Zealand	
Less viral risk	***40%***	***Less viral risk***	***50%***
Easy to use	40%	More concentrated/higher potency	50%
More concentrated/higher potency	25%	Less exposure to human protein	50%
Less exposure to human protein	20%	Easy to use	40%
Ease of mixing	20%	Size of product good for storage	30%
Treatment process	20%	Ease of mixing	20%
Improved efficacy	10%	Treatment process	10%
Smaller packaging good for storage	5%	Improved efficacy	10%
No refrigeration storage	5%		
n=20		*n=10*	

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I.C. physicians mentioned a variety of dislikes, with *still risk of viral infection* and *high price* mentioned most.

Inter-Continental Findings

Current Recombinant Product "Dislikes"
- I.C. Physicians -

Australia		New Zealand	
Still risk of viral infection	***70%***	***Still risk of viral infection***	***60%***
Still contains human albumin	***40%***	***High price***	***40%***
High price	***30%***	Inhibitor incidence	40%
Requires IV administration/ treatment process	20%	***Still contains human albumin***	***20%***
Poor range of potencies	20%	Requires IV administration	20%
Inhibitor incidence	10%	Concern of prions	20%
Infusion volume too large	10%	Concern of CJD	20%
		Short product half-life	20%
n=10		***n=5***	

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Exposed to human protein is the top dislike I.C. patients have with their current recombinant products.

Inter-Continental Findings

Current Recombinant Product "Dislikes"
- I.C. Patients -

Australia	
Still exposed to human protein	***35%***
Limited availability	15%
Still risk of viral infection	15%
Difficult treatment process	15%
Adverse events	5%
Limited choice of potency sizes	5%
Short product half life	5%
Animal proteins in mfg process	5%
None mentioned	15%

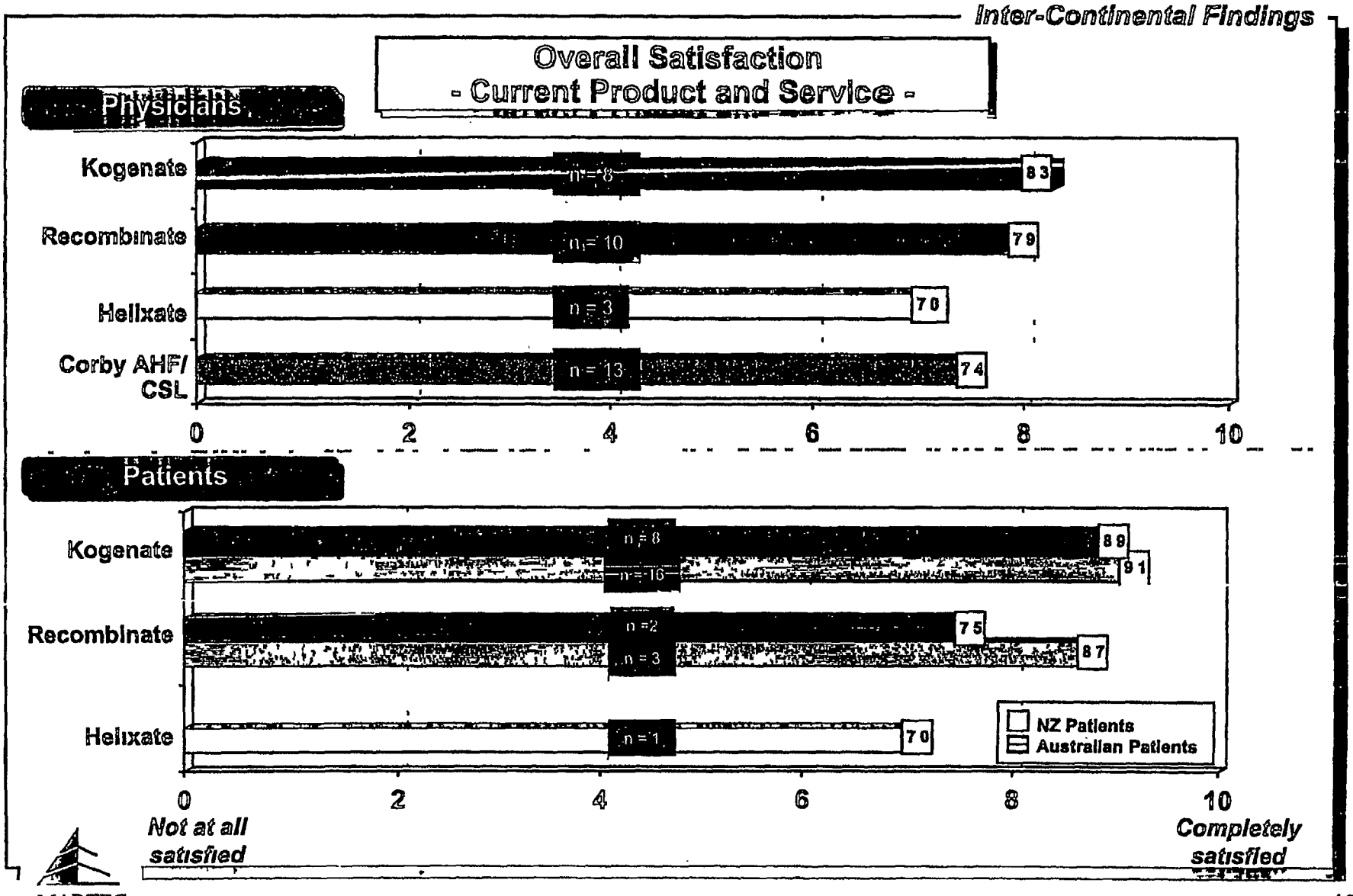
n=17

New Zealand	
Still exposed to human protein	***40%***
Difficult treatment process	30%
Requires IV administration	20%
Adverse events	20%
Concern of CJD	20%
Limited choice of potency sizes	10%
Limited availability	10%

n=10

MARIT(

Kogenate receives the highest satisfaction ratings among I.C. physicians and patients.



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